



Poniewozik on
Balloon Boy and the
Frenzy for Fame

The Lobbyist Who's
Getting *Really* Healthy
From Health Care



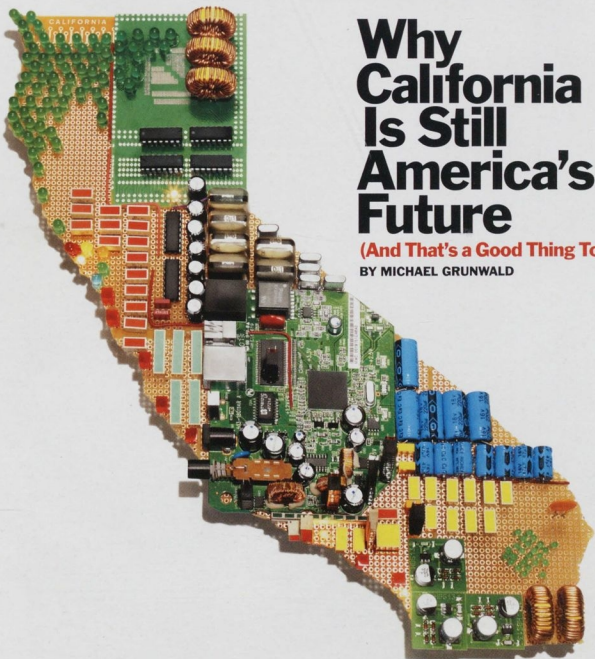
Why D-Day
Was Almost
A Disaster

TIME

Why California Is Still America's Future

(And That's a Good Thing Too)

BY MICHAEL GRUNWALD





6

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HUMAN

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Jennifer Granholm

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On the cover: Artwork for TIME by Sarah Illenberger; photographed by Reinhard Hunger. Insets, from left: Rick Wilking—Reuters; Hulton Archive—Getty

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LIFE

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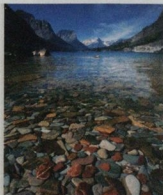
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LIFE BOOKS

10 Questions.

Michigan's Canadian-born governor on her state's challenges. **Jennifer Granholm will now take your questions**

Will Detroit ever really recover, in your honest opinion?

Jared May, BOSTON

Absolutely! We have great bones as a city and as a state. We have more engineers in this region than in all the other states plus Canada and Mexico combined. We are in a tough period because we have an auto crisis and a financial crisis, so we're hit harder than any other state in the country.

How will re-educating the unemployed help if there are no jobs for them to fill?

Nicholas Knox, DAVISON, MICH.

This is the perfect time to go back and get retrained—but get retrained in an emerging sector. We won't pay for you to get a degree in French or political science—those are my degrees so I can say that safely—but we will pay for you to get a degree in something that is of need, like nursing. We have 80,000 vacancies even though we have high unemployment. There is a skills gap.

Many firms are looking for environmental scientists and engineers, while most Michigan workers have only auto-manufacturing experience. Can we really get people employed?

Freda Zhuo, PHILADELPHIA

The same people who bend steel to make cars can bend steel to make wind turbines. The same people who program machines to build car parts can program machines to build parts for solar panels. Wind turbines have brake systems, drive trains—the same kinds of things you have in a car, only really big. So there's no doubt that we can translate the expertise.



What makes existing businesses in Michigan less worthy of tax relief than the Hollywood film industry?

Jon Boguth, HOWELL, MICH.

You can't give tax credits to everybody, because somebody's gotta pay for them. We have targeted six sectors: homeland security, alternative energy, advanced manufacturing, life sciences, tourism and film. Film is an area associated with keeping young people here, with dynamism.

I was born and raised in Michigan. I'd love to come home, but how can I find the opportunity that I have found elsewhere?

Emilie Sweet, OMAHA, NEB.
Come on home, Emilie. I think the opportunity in this crisis is great.

Michigan has 4,000 fewer police officers since your first day in office. With crime on the rise, how can residents feel safe?

Chad Cupp, MONROE, MICH.

The experts tell us that between 2000 and 2010, Michigan will have lost a million jobs. Revenue to the state has plummeted. It's why we have focused on regional collaborations—for example, our Michigan state police deployed in partnership with the Detroit police. You've got to be able to share resources like that. It is clear that while you go through this tough time, you have to have police officers on the street.

I've heard it said that Detroit cannot continue to pay for services because the residents are so spread out now. Wouldn't it

be possible to take vacant properties and sell them to people who want to rebuild the city?

Susan Pillsbury GAYLORD, MICH.

We've created a Michigan Land Bank to assemble properties so that we can not just auction them but make them available for job providers. The bottom line is, Detroit was built as a city for 2 million, and it's got less than a million people now, so we've got a lot of vacant space.

What is currently on your iPod?

Miguel Chavez, ODESSA, TEXAS
Everything from Andrea Bocelli to Aretha Franklin to Bruce Springsteen to the Black Eyed Peas.

After serving your last term as governor of Michigan, what will you do?

Jimmy Chang, NOVI, MICH.

I really don't know. But I can tell you I will have had a lot of experience in leading during a time of sustained crisis. The biggest lesson is that you have to play offense. You can't just hunker down. You have to continue to lead and push forward despite all the challenges, and you have to have a skin as thick as a rhinoceros's.

If they changed the Constitution, would you run for President?

Peter Hofmann

NUREMBERG, GERMANY
No. And it ain't gonna happen. ■



VIDEO AT TIME.COM

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Postcard: Detroit.

With a police force decimated by budget woes, the Motor City's middle-class enclaves are hiring their own to fight rising crime. **Where security is a booming business**

BY STEVEN GRAY

SHORTLY BEFORE NOON ON A RECENT Monday, T.J. Cooper sat in his red pickup, showing off his digital camera. He clicked through pictures he had taken a few weeks earlier of a man driving a truck full of radiators stolen from a vacant home here in Indian Village, one of Detroit's last middle-class neighborhoods. No one, Cooper notes wryly, likes having his picture taken. "They try to hide their face. Or break your camera. Or," he says, driving up a tree-lined street, "break you." Minutes later, Cooper passes the same man, in the same truck, apparently scoping out another house.

Cooper, 29, is a private-security detective, one of many who patrol once prosperous enclaves like Palmer Woods, Boston-Edison and Indian Village. With the city's police force cut more than 25%, private security appears to be one of Detroit's few growth industries. Local precincts are overwhelmed with shootings and other violent crime, leaving companies that supply home protection with long customer waiting lists. "People put a premium on security when unemployment and crime go up," says Larry Dusing, founder of Dusing Security & Surveillance, which has expanded into three neighborhoods.

Crime weighs heavily on the minds of Detroit's middle class, although it's an issue few residents want to discuss. In some neighborhoods, armed guards stand watch outside houses of worship; in September a pastor shot a man trying to rob his church. In others, street barricades have been set up to help deter potential thieves.

A short, plump Michigan native, Cooper worked in store security before joining Dusing about eight years ago. Now he manages Dusing's patrols, driving around Indian Village in his truck with an orange light bar on the top. He wears a black baseball cap reading SECURITY and



Ever vigilant A Dusing Security truck patrols the twilight streets of Indian Village

a bulletproof vest but travels unarmed, partly for liability reasons. He keeps his camera, equipped with a massive telephoto lens, near his lap.

An Indian Village security guard's job is much like that of any cop on the beat. That afternoon Cooper investigated

a report of suspicious activity from one of the neighborhood's few markets. (The suspects, sitting in a brown minivan, turned out to be selling state-issued cards used to buy food.)

He continued his patrol, eyeing the men walking up and down the street. "If you notice a guy stopping and staring" at a house, Cooper says, "he's obviously up to no good." Especially suspicious are people who

walk up to homes and stuff flyers into doors. Sometimes they are testing to see whether a door is unlocked or are casing the property for valuables. "A lot of times we'll see the same car come back three or four times in a single shift."

The community of Indian Village hired Dusing in 2003, after a rash of property crimes. An estimated 15% of

the neighborhood's homes are foreclosed, a result of the national real estate crisis, which has hit Detroit particularly hard. Vacant homes are an open invitation to burglars and vandals. Neighbors install motion sensors and curtains in them and maintain the lawns to make the properties appear occupied.

Members of the Historic Indian Village Association, a local residents' group, share the cost of private security—about \$30 per household each month. Association president Doug Way, 42, moved to Detroit with his wife seven years ago and fell in love with Indian Village's 19th century manors, built for the city's emerging industrial barons. Footing the bill for private security is almost like paying an extra tax, he acknowledges, but it's worth the cost. The median sale price of homes in Detroit has plunged from \$59,700 in August 2005 to \$8,000 just two months ago. "You could argue that one reason the homes are less expensive in the city is the level of services isn't as high," he says. "If there's some way we can make this a better place to live, these homes will actually be worth a lot more in the long term."



A Year in Detroit, Day by Day

For daily coverage of the issues and challenges facing this once great American city, go to time.com/detroit

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Inbox



I Want My 401(k)!

YOUR ARTICLE ADVOCATES "RETIREMENT insurance" as an alternative to the 401(k) but fails to mention that such an option already exists [Oct. 19]. The variable annuity—guaranteed income throughout your retirement—is an option included in certain 401(k) plans. The government can encourage or mandate the inclusion of an insurance/annuity option in 401(k) plans but should not replace the 401(k) with such an option. The suggestion that the 401(k) should be scrapped because some employees near retirement made poor investment choices is wrong. Leave my 401(k) alone!

Jerry Specht, EVANSTON, ILL.

YOUR COVER STORY NEGLECTED TO OUTLINE the steps our new college graduates should take to ensure adequate funding for their retirement. I'm sure there are no easy answers, but a 35- or 40-year plan based on history would have provided an interesting and useful tutorial.

Wesley Grilley, PENDLETON, ORE.

TIME'S PROMOTION OF A PENSION-BASED retirement system scares me. Private pension plans are only as good as the insurer that backs them—in many cases the federally run Pension Benefit Guaranty Corporation (PBGC). The PBGC's future solvency, like Social Security's, is dubious at best. Say what you will about market-based retirement vehicles, but it will be a cold day

in hell before I relinquish the security of my nest egg to a government with an uncanny ability to mismanage everything.

Reece Taylor, GRESHAM, ORE.

Support Our Whistle-Blowers

FORMER U.N. OFFICIAL PETER GALBRAITH should be congratulated for taking a courageous stand on fraud in the Afghan elections, knowing he might lose his job as a result [Oct. 19]. I voted for Barack Obama, but I would like to see more support from Washington for officials who try to do the right thing.

Sanjay Gowda, AUSTIN, TEXAS

Knock 'Em, Sock 'Em Gibbs

RE "CALLING 'EM OUT" [Oct. 19]: WITHOUT enough real news to fill the 24/7 format, the media have to resort to half-truths and sensationalism to maintain an audience. Here's to the White House for fighting back. I hope press secretary Robert Gibbs keeps throwing fastballs high and tight.

Bob Gauss, FLOURTOWN, PA.

Freaks and Gleeeks

RE JAMES PONIEWOZIK'S COMMENTARY on Glee [Oct. 12]: Comparing *Glee* and *High School Musical* is like comparing apples and pineapples because both are fruits. While the *HSM* franchise is built around the preppy, perky and preposterous perspective of the "average American high school," *Glee* seeks to poignantly tackle social issues like

SETTING THE RECORD STRAIGHT

■ In "Who's Afraid of the Flu?" we misstated the name of the school where 2,000 students reported having H1N1 symptoms [Sept. 28]. It was Washington State University, not the University of Washington.

teen pregnancy, sexuality and infidelity. Besides the leap in demographics (would you let your third-grader watch *Glee*?) and the show's many talented rising stars, *Glee* strays from the squeaky-clean Disney dogma and gets gritty, gruesome and, most of all, real. Sorry, Troy and Gabriella, but I'm a Gleeek.

Katharine Glenn, NEW ORLEANS

Debating Detroit

I APPLAUD TIME'S DECISION TO SPEND A year in Detroit looking at the city's and region's challenges and efforts at revitalization [Oct. 5]. However, I find it curious that you start intensive research into the city with an opinion piece by a resident of New York who left Michigan four decades ago. With all due respect to the acclaimed Daniel Okrent, simply reciting old grievances repeatedly rejected by voters, such as my having "resisted... more stringent mileage standards," seems counterintuitive to the magazine's mission. I would ask that Okrent take another look at my work and the record, including my calling on the auto industry to take "bold, serious and visionary" steps on fuel economy and my role in passing 2007's Energy Independence and Security Act, which increased fuel-economy standards 40%. I will continue to fight currency manipulation and unfair trade practices by our foreign competitors, work for affordable healthcare coverage and reduce greenhouse-gas emissions 80% by 2050 because I believe those positions are in the best interests of the people of Michigan.

John D. Dingell, U.S. Representative
15TH CONGRESSIONAL DISTRICT, MICHIGAN

'We did not elect Dave—the guy who paid his staff out of his pocket during the writers' strike—to political office. This is his personal life.'

Karen M. Clay, TAMPA, FLA.



Morality play Readers weighed in about an Oct. 19 column on David Letterman's woes



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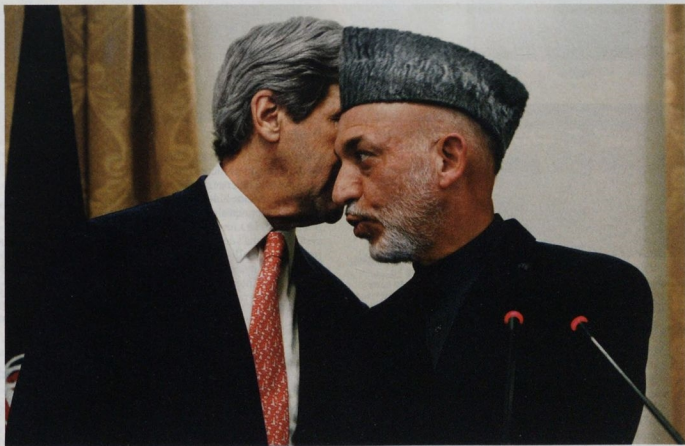
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Briefing

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The Moment

10/20/09: Kabul

FOR TWO MONTHS, THE WORLD WATCHED AS ALLEGATIONS OF voting fraud threatened to thwart the apparent re-election of Afghan President Hamid Karzai. After the country's election-complaints board threw out a million suspicious ballots, Karzai refused to accept the results. On Oct. 20, after intense diplomatic lobbying by the U.S. and other international partners, Karzai at last announced he would acquiesce to a runoff with his rival, former Foreign Minister Abdullah Abdullah. And yet the holding pattern continues. The vote, which Karzai is favored to win, is scheduled for Nov. 7, but it's unclear that this round will be any less contentious than the first. Fraud is still likely, Karzai is still tainted by the corruption and inefficiency that have plagued his government for the past eight years, and the onset of Afghanistan's winter could delay balloting until spring. The Obama Administration, meanwhile, has signaled a reluctance to commit more troops to its campaign in Afghanistan until it has a legitimate government to work with. At some point, it has to start wondering whether it has a partner worth waiting for. —BY ARYN BAKER

The World

10 ESSENTIAL STORIES



Several types of marijuana for sale at the Harborside Health Center in Oakland, Calif.

1 | Washington

Pot Persecution Up in Smoke

The U.S. Department of Justice has instructed federal prosecutors not to pursue medical-marijuana users or distributors as long as they are in compliance with state laws. Attorney General Eric Holder couched the directive as a commitment to the "efficient and rational use" of the Justice Department's limited resources. It marks a significant shift from Bush Administration policy, under which authorities raided dispensaries in the 13 states that currently permit residents with specific medical conditions, including AIDS and glaucoma, to take up. While some advocacy groups hailed the measure—which codifies a plan loosely outlined by the Obama Administration in March—critics warned the guidelines could pave the way for more states to relax their marijuana laws or weaken enforcement.

2 | Boston

Terrorism Arrest

Federal authorities charged Tarek Mehanna, a 27-year-old U.S. citizen from Massachusetts, with conspiring to provide material support to terrorists, alleging he planned to carry out a "violent jihad" by killing U.S. politicians, attacking American troops in Iraq and targeting customers at U.S. shopping malls. U.S. attorneys claim that Mehanna sought terrorist training in the Middle East in 2004 and worked with two other men on various plots designed to "kill, kidnap, maim or injure" U.S. citizens and soldiers from 2001 to 2008. Mehanna was indicted in January for lying to the FBI during another terrorist investigation.



Biden and Polish Prime Minister Donald Tusk agree to a security pact on Oct. 21

3 | Warsaw

Mending Fences

One month after President Obama said he would scrap his predecessor's plans to place a U.S. missile-defense shield in Poland, Vice President Joe Biden announced that the East European ally would, in fact, host interceptors in a revamped version of the system. Obama's decision to remove Poland from the antiballistic missile program had irked Warsaw, which viewed the deal as providing integral protection against potential long-range attacks.

4 | Vatican City

A Papal Power Play

In an apparent bid to boost its ranks by capitalizing on a rival's internal friction, the Vatican said it would make it easier for Anglicans to join the Roman



Catholic Church while retaining their own traditions. The world's 80 million Anglicans have grown increasingly divided in recent

years over their church's stance on same-sex unions and the ordination of women and gays, prompting fears of a schism. Some analysts say the Vatican's move could be perceived as predatory, potentially imperiling efforts in recent decades to foster dialogue between the churches.

5 | Madrid

Rolling Up ETA

Aitor Elizarán Aguilera, the political leader of the Basque separatist group ETA, and a top aide were captured in France on Oct. 19 amid a crackdown against the organization. The arrests followed the detention earlier this month of 10 accused members of a banned, ETA-linked political party; three military leaders have also been snared in the past year. Authorities have intensified their pursuit of the Spanish group since a 2006 bombing at Madrid's airport. ETA has been blamed for more than 820 deaths since 1968.

6 | Sudan

Carrots and Sticks

The U.S. unveiled incentives to persuade the Sudanese government to curb violence in its Darfur region. If Sudan addresses the humanitarian crisis and implements a 2005 agreement to end its civil war, Washington said it would consider normalizing relations. President Obama promised new sanctions should Khartoum refuse.

Numbers:

35%

Percentage increase in the number of U.S. children who died from parental abuse or neglect in 2007 compared with 2001

5

Remaining members of the Amazonian Akuntsu tribe, which was first contacted by Brazil's Indian-affairs agency in 1995



Rajaratnam, 52, is led from FBI headquarters in New York City on Oct. 16

10 | New York City

A Rigged Game on Wall Street

Prosecutors in Manhattan said they broke up a major insider-trading ring, the largest ever centered in the hedge-fund industry. Raj Rajaratnam, a billionaire co-founder of the Galleon Group, and five others were arrested and charged with earning \$20 million off stock trades on the basis of information unavailable to the public. Rajaratnam, whose firm manages \$3.7 billion, allegedly relied on a broad network of sources, including executives at IBM and McKinsey & Co., for lucrative tips; one leak about a Google earnings report yielded his firm \$8 million in profits in 2007, authorities said. The investigation was the first insider-trading probe to make use of wiretaps and may signal a tougher attitude toward white collar crime in the wake of the Bernard Madoff scandal.

★ | What They're Guaranteeing in Finland:

Forget life, liberty and the pursuit of happiness. How about the right to high-speed Internet? On Oct. 14, Finland announced plans to ensure that its 5.3 million citizens have access to a 1-megabit-per-second broadband connection by July 2010 and a 100-megabit-per-second connection by 2015. Government officials say Finland is the first nation to make broadband access a legal right.

7 | Iran

A DEADLY BLAME GAME Iranian officials accused the U.S., Britain and Pakistan of helping to orchestrate a suicide bombing in Sistan-Baluchestan province Oct. 18 that killed 42 people, including commanders of the Revolutionary Guard, the nation's elite military unit. Though the Sunni rebel group Jundallah claimed responsibility for the attack—Iran's deadliest in nearly two decades—President Mahmoud Ahmadinejad blamed the foreign powers for funding the majority-Shi'ite country's insurgency in order to destabilize its borders. All three nations denied involvement.

8 | Atlanta

A Shift in Cancer Screening

The American Cancer Society announced that the benefits of prostate- and breast-cancer screenings have been overstated, after a study found that such tests often detect nonlethal tumors but fail to catch faster-spreading malignant growths. Screenings for colon and cervical cancers, on the other hand, have led to a marked decline in late-stage cancers.



9 | Pakistan

Forging a 'Path of Riddance'

Responding to a spate of attacks by Taliban militants that killed more than 100 people in the first three weeks of October, Pakistan's government launched a new offensive in insurgent-plagued South Waziristan that it dubbed Operation Path of Riddance. Pakistan's army chief requested the support of the area's Mehsud tribe, whose members fill many of the Taliban's top posts. Thousands of civilians fled the region, where 30,000 troops were fighting.

Bloodletting in Pakistan

- 1 ISLAMABAD, 10/5**
Suicide bombing outside U.N. agency
DEATH TOLL: 5
- 2 PESHAWAR, 10/9**
100 wounded when car explodes
DEATH TOLL: 53
- 3 RAWALPINDI, 10/11**
Hostages taken at army headquarters
DEATH TOLL: 14
- 4 LAHORE, 10/15**
Three security facilities attacked
DEATH TOLL: 27
- 5 PESHAWAR, 10/16**
Bombing outside the Central Investigation Agency
DEATH TOLL: 13
- 6 ISLAMABAD, 10/20**
Twin bombs at a university
DEATH TOLL: 5

1 10

Proportion of Americans seeking help from homeless shelters who are victims of foreclosures, according to a recent study

\$7,020

Average annual tuition at a four-year U.S. public college this fall, a 6.5% jump from 2008; the average tab at a private college is \$26,273

WASHINGTON MEMO

Personal Touch. How Obama's hands-on diplomacy helped bring Iran to the table

BY MASSIMO CALABRESI

PRESIDENT BARACK OBAMA HAD A personal stake in the outcome when Iranian and American nuclear experts sat down in Vienna on Oct. 19 to discuss the future of Tehran's controversial stockpile of low-enriched uranium (LEU). Obama had weighed in three times during secret negotiations over the previous four months—negotiations that had started out as sideline diplomacy but became a central test of Iran's nuclear intentions and Obama's policy of mixing incentives and the threat of sanctions to bring Iran's nuclear program to heel. On Oct. 21, that effort yielded some fruit, when the negotiators in Vienna agreed to the outlines of a deal that could move the uranium out of Iran and potentially slow the progress of Iran's program.

There's no guarantee that Tehran's leaders will stick to the agreement—and even less guarantee that they will abandon their nuclear quest altogether. But the negotiations with Iran are a revealing glimpse at Obama's approach to diplomacy and what it can, and can't, produce.

In June, Iranian officials told the International Atomic Energy Agency (IAEA) that their country was running out of fuel for an aging research reactor built for the Shah by American technicians in 1967. Iran asked if the IAEA would be willing to permit it to buy more of the specially manufactured plates of enriched uranium the reactor needs for producing isotopes used in cancer treatment, X-rays and insecticides. The IAEA, in turn, called the U.S.

"We very quickly saw an opening," says a senior Administration official involved in the multiparty negotiations

Let's Make a Deal



OBAMA'S OFFER

Iran would export its stash of low-enriched uranium, temporarily diminishing its capacity to produce fuel for a nuclear weapon



DMITRI MEDVEDEV

Russia would enrich the uranium to the level Iran needs for producing medical isotopes at its aging reactor



MOHAMED ELBARADEI

The IAEA chief was the lead negotiator between the U.S. and Iran, getting both to agree in principle Oct. 1



MAHMOUD AHMADINEJAD

Iran's negotiators agreed Oct. 21 to a draft deal after three days of talks, pending final sign-off by Tehran

that ensued. The U.S. realized it could arrange for the manufacture of the specialized plates from an unorthodox source: the stash of LEU that Iran has produced in defiance of the U.N. Security Council at its massive Natanz nuclear facility over the past several years. The U.S. and others have estimated that the Iranian stockpile is large enough to produce one nuclear weapon. If Iran agreed to send most of the LEU abroad to be turned into harmless plates for the research reactor, it could defuse tensions and pave the way for further talks on Iran's program.

In early July, Obama traveled to Moscow, where his top nonproliferation aide, Gary Samore, floated the following idea to the Russians: If the Iranians would agree to export their LEU to Moscow, the Russians would enrich it to the level needed for the research reactor, then return it to Tehran after it was manufactured elsewhere into the specialized plates. "The Russians immediately said, 'Great idea,'" says the senior Administration official.

In mid-September, Obama called the head of the IAEA, Mohamed ElBaradei, and told him that the U.S. was prepared to do the deal. ElBaradei then went to the Iranian representative at the IAEA, who said he would have to check with leaders in Tehran, the senior Administration official says. Eventually, the Iranians contacted ElBaradei and assented to the deal.

The Americans wanted to make sure the Iranians weren't going to pull a fast one and try to get the Russians to refine fuel from somewhere else. When Obama met with Russian President Dmitri Medvedev in New York City at the U.N. General Assembly in late September, he pressed the Russian to "confirm at the level of the President that this whole deal hinged on it being Iran providing the fuel," says the senior Administration official. He says Medvedev agreed.

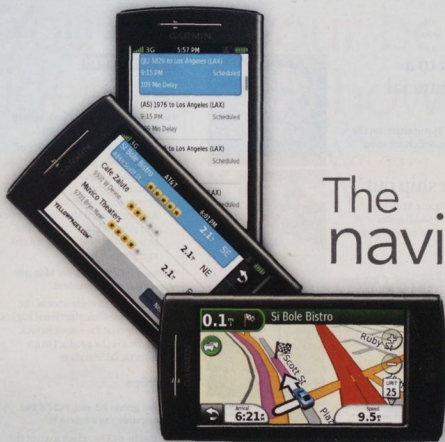
Obama then had another telephone

conversation with ElBaradei late in September to confirm all the details of the deal. On Oct. 1, the U.S. held a much anticipated meeting in Geneva with Iran, as well as the permanent members of the U.N. Security Council and Germany. The U.S. negotiator, William Burns, had a one-on-one conversation with his Iranian counterpart to confirm the amount of uranium involved in the deal, and they agreed to the Oct. 19 meeting to determine details of the transfer. After three days of negotiations, the Iranians agreed to the draft deal, if their superiors in Tehran signed off on it.

Which is a big if. There is no guarantee the refueling will go as planned. Still, the talks are the first substantive negotiations between the U.S. and Iran on nuclear issues in three decades. A deal could, in theory, pave the way for Iran to outsource all its uranium enrichment while keeping the capacity for peaceful nuclear-power generation that it claims is the goal of its program. But Iran had shown no interest over the years in giving up any part of its program, and powerful figures in Tehran have already publicly denounced the reactor deal. For Obama, progress after the Vienna talks would validate his persistence in engaging Tehran. Failure would mean the unwelcome challenge of trying to impose broad international sanctions on Iran, and a strike against his faith in engagement.

The nuclear negotiations reveal what Obama's approach can, and can't, produce

GARMIN.

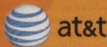


The navigation phone

"My flight's delayed. Great!"

Our meeting was really going well. I didn't want to end it but I had a plane to catch. Then I remembered I could check my flight's status on my nüvifone™. It's delayed. We can talk over dinner. I used my nüvifone to find a nearby bistro and followed directions right to the place. He was impressed with how well I knew my way around. Pretty smart for a phone. Try it yourself at nuevifone.com.

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Verbatim

'We're basically on the path to a banana-republic type of financial situation.'

JUDD GREGG, Republican Senator from New Hampshire, on the Federal Government's projected \$1.42 trillion deficit for 2009

'He must either shape up or ship out.'

ARTHUR MUTAMBARA, Zimbabwe's Deputy Prime Minister, castigating President Robert Mugabe after Prime Minister Morgan Tsvangirai announced on Oct. 16 that he would boycott the country's unity government

'Don't expect me to do this for free.'

STEWART NOZETTE, a former NASA and Department of Energy scientist who was arrested on Oct. 19 for allegedly telling an undercover FBI agent that he would divulge classified information for a fee

'It hasn't been a great year for democracy in Africa.'

REED BRODY, an officer at Human Rights Watch, on the Mo Ibrahim Foundation's decision not to award its annual \$5 million prize—the world's largest—for good governance on the continent

'She's not a troublemaker. She's gay.'

VERONICA RODRIGUEZ, of Jackson, Miss., referring to her 17-year-old daughter Ceara Sturgis, whose high school will not allow her graduation picture to appear in its yearbook because she was photographed wearing a tuxedo

'What do we hope to achieve? We hope not to die.'

MOHAMED NASHEED, President of the Maldives, after his Cabinet held an underwater meeting to urge U.N. leaders to pass climate-change legislation at a December summit in Copenhagen. The archipelago has warned that rising sea levels triggered by global warming put it at risk of being submerged

'He said that he hated to have to do this, but times were hard and he had no choice.'

ANGELA MONTEZ, a clerk at an Indianapolis check-cashing store, on armed robber Gregory Smith, 23, who asked Montez to pray with him before he allegedly stole \$20. Smith turned himself in on Oct. 20



BACK & FORTH

Race

'I'm not a racist. I just don't believe in mixing the races that way.'

KEITH BARDWELL, a justice of the peace in Tangipahoa Parish, Louisiana, explaining why he refused to grant a marriage license to an interracial couple. Bardwell added that he has "piles and piles of black friends" but believes the children of mixed-race couples "suffer"

'Perhaps he's worried the kids will grow up and be President.'

BILL QUIGLEY, director of the Center for Constitutional Rights, noting that President Barack Obama is the product of an interracial marriage

Politics

'I'm not gonna hit you, but I'd like to, because you deserve it.'

DAVID KEENE, chairman of the American Conservative Union, ending a contentious interview with conservative radio host and filmmaker John Ziegler

'If David Keene is a guy who is a leader in the conservative movement, that's a movement I don't want to be a part of.'

ZIEGLER, who excoriated Keene for making critical remarks about former Republican vice-presidential nominee Sarah Palin

LEXICON

Obama v.—A slang term gaining popularity among Japanese youth

USAGE: "Obama: To ignore inexpedient and inconvenient facts or realities, think 'Yes we can, yes we can' and proceed with optimism... One explanation holds that it is the opposite of *kobamu*, which means to refuse, reject or oppose."

—Japanese Teachers' Network, via theatlantic.com, Oct. 19, 2009

You have your best ideas in the shower.

Now you can work in the next room.



Office and an online workspace from Microsoft let you work from almost anywhere inspiration finds you.

It's easier than ever to store, view, and share all your important documents from pretty much anywhere you happen to be. That's because Microsoft® Office works easily with a free online workspace from Microsoft. So work no longer requires clothes, just Internet access.

Buy it for your PC this holiday season. Office2007.com



Office^{Microsoft®}

Real life tools.

Brief History

Executive Pay



WHEN THE NEWS BROKE IN JANUARY THAT WALL STREET executives were paying themselves handsomely for piloting the U.S. economy into a mountainside, President Obama's response was unequivocal. "It is shameful," he said. Ten months later, even as he moved to curb bailed-out execs' pay, banks are on track to pay employees a record \$140 billion this year. Andrew Hall, a star trader at Citi's commodities unit Phibro, made headlines for what could be a \$100 million payout. "Frustrating," said White House chief of staff Rahm Emanuel with a sigh, appearing on CBS's *Face the Nation* on Oct. 18.

Critics of lavish executive compensation can be forgiven for sounding weary; their fight goes back to ancient Greece. Plato recommended that a community's highest wage should not exceed five times its lowest. By the late 1890s, the banker J.P. Morgan had increased it to 20 times the average. The Securities and Exchange Commission enacted strict executive-compensation-disclosure laws in 1938, but four years after that, the *New York Times* denounced President Franklin Roosevelt's attempt to cap Americans' pay at \$25,000 (about \$331,000 today) as a ploy to "level down from the top"; Congress rebuffed it.

During the postwar boom, pay for U.S. CEOs remained fairly steady in real dollars until the 1970s. But under new tax policies, the 1980s saw the rise of stock options. Intended to tie executive pay to performance, they offered the potential for huge riches with little downside, encouraging risk taking. In 1991, CEOs earned 140 times the average worker's pay. A 1993 attempt to cap compensation merely shifted more pay into options. By 2007 the median S&P 500 CEO earned in three hours what a minimum-wage worker pulled down in a year. And Great Recession or no, 2009 looks like more of the same. —BY LAURA FITZPATRICK

GREED IS GOOD



1929 Eugene G. Grace, Bethlehem Steel president, reportedly becomes the first public-

company executive to crack \$1 million

1933 Shareholders file the first known executive-pay lawsuit, to protest American Tobacco president George Washington Hill's \$1.3 million haul

1982 Federal Express's Frederick W. Smith earns a then record \$51.1 million

2001 As a reward for hitting stock-price targets, Enron pays executives \$320 million in bonuses during the 10 months before the company goes bankrupt

2008 A court rules that former NYSE chief Richard Grasso can keep \$139.5 million in deferred compensation



THE SKIMMER



The Tyranny of E-Mail: The Four-Thousand-Year Journey to Your Inbox

By John Freeman
Scribner, 256 pages

SIX MONTHS BEFORE JOHN Freeman began his treatise for a "slow communication movement," the literary critic was receiving about 300 e-mails a day. And he was not alone. In the time it takes to read this sentence, some 300 million e-mails will be sent and received. On average, Americans spend more time reading e-mails than they do with their spouses. E-mail has become, he argues, "our electronic fidget." In his history of mail from cuneiform tablets to the Pony Express to Gmail, Freeman traces how far the epistolary form has come—and lays out a case for why we should take a step back. E-mail might be cheaper, faster and more convenient, but its virtues also make us lazier, lonelier and less articulate. The author's solution: Go easy on that inbox. Don't read e-mails over breakfast or in bed. And think twice before hitting that SEND button. "This is not the manifesto of a Luddite," Freeman insists, but of a humanitarian. Because, as he observes, "the difference between a smiley face and an actual smile is too large to calculate."

—BY M.J. STEPHEY

READ
SKIM
TOSS

30 YEARS AGO,
YOU DIDN'T KNOW ABOUT
HIGH CHOLESTEROL
AND PLAQUE BUILDUP.



FORTUNATELY, NOW YOU DO.

Over time, you've learned a thing or two. Now you know that high cholesterol is a major factor in the buildup of plaque in arteries. Here's how CRESTOR can help.

- Along with diet, CRESTOR does more than ▼ lower bad cholesterol. It ▲ raises the good
- CRESTOR is also proven to slow the buildup of plaque in arteries as part of a treatment plan to lower cholesterol to goal
- High cholesterol, family history of early heart disease, diabetes, and high blood pressure may play a role in plaque buildup

Talk to your doctor about plaque buildup, and ask if CRESTOR is right for you.

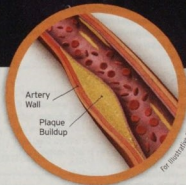
Important Safety Information about CRESTOR: In adults, CRESTOR is prescribed along with diet for lowering high cholesterol. CRESTOR is also prescribed along with diet to slow the progression of atherosclerosis (the buildup of plaque in arteries) as part of a treatment plan to lower cholesterol to goal. CRESTOR has not been approved to prevent heart disease, heart attacks, or strokes.

CRESTOR is not right for everyone, including anyone who has previously had an allergic reaction to CRESTOR, anyone with liver problems, or women who are nursing, pregnant, or who may become pregnant. Your doctor will do blood tests before and during treatment with CRESTOR to monitor your liver function. Unexplained muscle pain and weakness could be a sign of a rare but serious side effect and should be reported to your doctor right away. The 40-mg dose of CRESTOR is only for patients who do not reach goal on 20 mg. Be sure to tell your doctor if you are taking any medications. Side effects occur infrequently and include headache, muscle aches, abdominal pain, weakness, and nausea.

Please read the important Product Information about CRESTOR on the adjacent page.

If you're without prescription coverage and can't afford your medication, AstraZeneca may be able to help.

You are encouraged to report negative side effects of prescription drugs to the FDA. Visit www.FDA.gov/medwatch, or call 1-800-FDA-1088.



TAKE A DEEPER LOOK

at how plaque could be
building in your arteries.


Take an interactive
tour of an artery at
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CRESTOR[®]
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IMPORTANT INFORMATION ABOUT CRESTOR® (ROSUVASTATIN CALCIUM)

Please read this summary carefully and then ask your health care professional about CRESTOR. No advertisement can provide all the information needed to determine if a drug is right for you. This advertisement does not take the place of careful discussions with your health care professional.

Only your health care professional has the training to help weigh the risks and benefits of a prescription drug.

WHAT IS CRESTOR?

CRESTOR is a prescription medicine that belongs to a group of cholesterol-lowering medicines called statins. Along with diet, CRESTOR lowers "bad" cholesterol (LDL-C), increases "good" cholesterol (HDL-C), and also slows the progression of atherosclerosis in adults with high cholesterol, as part of a treatment plan to lower cholesterol to goal.

WHAT IS CHOLESTEROL?

Cholesterol is a fatty substance, also called a lipid, normally found in your bloodstream. Your body needs a certain amount of cholesterol to function properly. But high cholesterol can lead to health problems. LDL-C is called bad cholesterol because if you have too much in your bloodstream, it can become a danger to your health and can lead to potentially serious conditions. HDL-C is known as good cholesterol because it may help remove excess cholesterol. Common health factors such as diabetes, high blood pressure, smoking, obesity, family history of early heart disease, and age can make controlling your cholesterol even more important.

WHAT IS ATHEROSCLEROSIS?

Atherosclerosis is the progressive buildup of plaque in the arteries over time. One major cause is high levels of LDL-C. Other health factors, such as family history, diabetes, high blood pressure, or if you smoke or are overweight, may also play a role in the formation of plaque in arteries. Often this plaque starts building up in arteries in early adulthood and gets worse over time.

HOW DOES CRESTOR WORK?

Most of the cholesterol in your blood is made in the liver. CRESTOR works by reducing cholesterol in two ways: CRESTOR blocks an enzyme in the liver causing the liver to make less cholesterol, and CRESTOR increases the uptake and breakdown by the liver of cholesterol already in the blood.

WHO SHOULD NOT TAKE CRESTOR?

Do not take CRESTOR if you

- are pregnant or think you may be pregnant, or are planning to become pregnant. CRESTOR may harm your unborn baby. If you become pregnant, stop taking CRESTOR and call your health care professional right away.
- are breast-feeding. CRESTOR can pass into your breast milk and may harm your baby.
- have liver problems.
- have had an allergic reaction to CRESTOR or are allergic to any of its ingredients. The active ingredient is rosuvastatin calcium. The inactive ingredients are microcrystalline cellulose, lactose monohydrate, tribasic calcium phosphate, croscopolone, magnesium stearate, hypromellose, triacetin, titanium dioxide, yellow ferric oxide, and red ferric oxide.

The safety and effectiveness of CRESTOR have not been established in children.

HOW SHOULD I TAKE CRESTOR?

- Take CRESTOR exactly as prescribed by your health care professional. Do not change your dose or stop CRESTOR without talking to your health care professional, even if you are feeling well.
- Your health care professional may do blood tests to check your cholesterol levels before and during your treatment with CRESTOR. Your dose of CRESTOR may be changed based on these blood test results.
- CRESTOR can be taken at any time of day, with or without food.
- Swallow the tablets whole.
- Your health care professional should start you on a cholesterol-lowering diet before giving you CRESTOR. Stay on this diet when you take CRESTOR.
- Wait at least 2 hours after taking CRESTOR to take an antacid that contains a combination of aluminum and magnesium hydroxide.
- If you miss a dose of CRESTOR, take it as soon as you remember. However, do not take 2 doses of CRESTOR within 12 hours of each other.
- If you take too much CRESTOR or overdose, call your health care professional or Poison Control Center right away or go to the nearest emergency room.

WHAT SHOULD I TELL MY HEALTH CARE PROFESSIONAL BEFORE TAKING CRESTOR?

Tell your health care professional if you

- have a history of muscle pain or weakness.
- are pregnant or think you may be pregnant, or are planning to become pregnant.
- are breast-feeding.
- drink more than 2 glasses of alcohol daily.
- have liver problems.
- have kidney problems.
- have thyroid problems.
- are Asian or of Asian descent.

Tell your health care professional about all medicines you take or plan to take, including prescription and non-prescription medicines, vitamins, and herbal supplements. Some medicines may interact with CRESTOR, causing side effects. It is particularly important to tell your health care professional if you are taking or plan to take medicines for

- your immune system
- cholesterol/triglycerides
- blood thinning
- HIV/AIDS
- preventing pregnancy

Know all of the medicines you take and what they look like. It's always a good idea to check that you have the right prescription before you leave the pharmacy and before you take any medicine.

(continued)

Keep a list of your medicines with you to show your health care professional. If you need to go to the hospital or have surgery, tell all of your health care professionals about all medicines that you are taking.

WHAT ARE THE POSSIBLE SIDE EFFECTS OF CRESTOR?

CRESTOR can cause side effects in some people.

Serious side effects may include:

Muscle problems. Call your health care professional right away if you experience unexplained muscle pain, tenderness, or weakness, especially with fever. This may be an early sign of a rare muscle problem that could lead to serious kidney problems. The risk of muscle problems is greater in people who are 65 years of age or older, or who already have thyroid or kidney problems. The chance of muscle problems may be increased if you are taking certain other medicines with CRESTOR.

Liver problems. Your health care professional should do blood tests before you start taking CRESTOR and during treatment to check for signs of possible liver problems.

The most common side effects may include headache, muscle aches and pains, abdominal pain, weakness, and nausea.

This is not a complete list of side effects of CRESTOR. Talk to your health care professional for a complete list or if you have side effects that bother you or that do not go away.

HOW DO I STORE CRESTOR?

Store CRESTOR at room temperature, 68°-77°F (20°-25°C), in a dry place. If your health care professional tells you to stop treatment or if your medicine is out of date, throw the medicine away. Keep CRESTOR and all medicines in a secure place and out of the reach of children.

WHERE CAN I GET MORE INFORMATION ABOUT CRESTOR?

Talk to your health care professional. Full Prescribing Information is available on CRESTOR.COM or by calling 1-800-CRESTOR.

GENERAL INFORMATION

It is important to take CRESTOR as prescribed and to discuss any health changes you experience while taking CRESTOR with your health care professional. Do not use CRESTOR for a condition for which it was not prescribed. Do not give CRESTOR to other people, even if they have the same medical condition you have. It may harm them.

NOTE: This summary provides important information about CRESTOR. For more information, please ask your health care professional about the full Prescribing Information and discuss it with him or her.

Visit **CRESTOR.COM** or call the Information Center at AstraZeneca toll-free at **1-800-CRESTOR**.

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CRESTOR®
rosuvastatin calcium

AstraZeneca 

Milestones



Bruce Wasserstein

BRUCE WASSERSTEIN, WHO died Oct. 14 at 61, was one of the giants of modern investment banking. Beginning in the early 1980s, Wasserstein's dealmaking acumen turned mergers and acquisitions, then a rarity, into a powerful tool of corporate strategy.

He was an unlikely com-

bination: an intellectual Wall Streeter. After graduating from the University of Michigan, Wasserstein enrolled at Harvard Law School at 19 and worked with Ralph Nader's "Raiders" before becoming a corporate lawyer. But it was as a banker—at First Boston, then at the boutique firm he founded, Wasserstein Perella, and finally as CEO of Lazard—that he made his mark. Wasserstein presided over the rise of the "Big Deal" (the title of a book he published in 1997), dreamed up takeover tactics like the Pac-Man defense and was sought by CEOs for his creative ideas on offense and defense alike.

Rumpled and round, he was intensely cerebral, with a deeply speculative mind that focused on more than just business. He was involved in liberal politics, employing both Vernon

Jordan and, for several years, Rahm Emanuel. And he loved the media. The brother of deceased playwright Wendy Wasserstein, he edited his college newspaper as a teenager, interned at *Forbes* magazine and, over the past decade, assembled and sold American Lawyer Media, founded *The Deal* and acquired *New York* magazine.

Wasserstein played to win—but there was also a playful aspect to his sometimes gnomic quality of thought. His signature piece was a "Dare to Be Great" speech, which he would roll out to stiffen the spines of executives and colleagues for the inevitable triumph ahead.

—BY ROBERT TEITELMAN



Teitelman is editor in chief of *The Deal*, which is owned by Wasserstein & Co.



William Wayne Justice

JUDGE WILLIAM WAYNE Justice was a hero of mine. He set the pace for so-called activist judges and in the process became the most despised man in Texas. When Wayne was appointed a federal district judge in 1968, the South was not through fighting the Civil

War. The most unpopular people were those, like Wayne, who enforced desegregation in schools.

It would have been easier to just go along, as so many other judges did. But Wayne, who died Oct. 13 at 89, didn't wink at the law. After receiving handwritten letters from prison inmates describing awful conditions

and brutal treatment, he appointed a lawyer to handle the case, a decision that led to an overhaul of the state's prisons. While most people in Texas were glad to use migrant laborers as indentured slaves, Wayne helped their children get an education in the state's public-school system.

When I found out that Wayne had been selected to receive an award in my name in 2006, I was actually a bit embarrassed. I would have been honored to get an award in his name, and I called him to tell him so. He couldn't have been more gracious. He really was a saint with a briefcase and a gavel.

—BY MORRIS DEES

Dees is the co-founder and chief counsel for the Southern Poverty Law Center

Ludovic Kennedy

His friends knew him as Ludo, which means "I play" in Latin. But there was little play about Ludovic Kennedy, a broadcaster and writer of high seriousness, who died Oct. 18 at 89. A Briton of aristocratic lineage, Kennedy was an advocate of foxhunting and showed something of that merciless instinct in his investigative journalism, which he devoted to exposing miscarriages of justice. His book *10 Rillington Place* inspired the posthumous pardon of Timothy Evans, a young Englishman wrongly executed for murder in 1950, and hastened Britain's abolition of the death penalty. The *Airman* and the *Carpenter*, Kennedy's exploration of the kidnapping and killing of aviator Charles Lindbergh's baby, failed to achieve a similar result in the U.S., but it raised doubts about the culpability of Bruno Hauptmann, who was sent to the electric chair for the crime. The widower of ballet dancer and actress Moira Shearer, Kennedy was an atheist and advocate of voluntary euthanasia. But his passion was probing old cases. "I became committed to revealing hidden truths," he said, "and propelled, compelled, by a very heady feeling of excitement."

—BY CATHERINE MAYER





James

Poniewozik

Lighter Than Arrogance. Behind the Balloon Boy fiasco was a family in hot pursuit of the new American Dream

IN THE LEXICON OF CLICHÉS TO DESCRIBE characters accused of a despicable act, "He was once on a reality show" is the new "Neighbors say he was quiet and kept to himself."

Today the idea of a mad loner silently avoiding attention seems like a quaint throwback. In August, a VH1 dating-show contestant was charged with the murder of his ex-wife, then committed suicide. And on Oct. 15, America spent an afternoon being literally distracted by a shiny object, watching news choppers chase a silver balloon that we were told carried a presumably terrified 6-year-old boy. When we learned during the coverage that Falcon Heene's family had twice appeared on ABC's *Wife Swap*, who didn't have the same thought? That if Falcon's parents would open their family life for a reality show, then they might also have planned... but they wouldn't have, right?

Would and did, says the sheriff of Larimer County, Colorado. Richard Heene, a self-styled scientist obsessed with tornadoes, aliens and getting a reality show, allegedly spun a plan to fake his son's Icarus-meets-*Up* ascent and become famous. But fame bit Heene when, on *Larry King Live*, Falcon heard a question directed to him by his father and made the mistake of answering honestly: "You guys said that we did this for the show."

"We did this for the show": If some 21st century Betsy Ross were designing a new American flag, she could slap that baby on a ribbon in an eagle's talons and call it a day. Whether it's conceiving octuplets

Only in the reality-TV era has unstable behavior become a valid career choice. Only now are questionable parenting decisions the stuff of a lucrative family business

and shopping a TV deal or screaming "You lie!" at the President and reaping millions of dollars in campaign contributions, the equation is the same: Act out = get paid.

Modern media did not invent greed, eccentricity or lust for attention. What they did was monetize them. There have long been odd families and obscure men pursuing bizarre theories and cobbling together flying machines in their



backyards. But only in the reality-TV era has unstable behavior become a valid career choice. Only now are questionable parenting decisions the stuff of a lucrative family business. Say whatever you want about Jon and Kate Gosselin, their divorce proceedings entail numbers with a lot more zeroes than your typical young Pennsylvania family encounters.

Whatever the legal process uncovers, the story of Richard Heene—incessantly pitching producers across Hollywood his show about a wacky storm-chasing family, parading Falcon on morning shows though the boy was sick, twice, on air—is like an updated *Mosquito Coast* but with the eccentric dad dragging his family into the floodlights of reality TV instead of away from civilization.

And who can blame him, really? When the Heenes went on *Wife Swap* (in which

two families trade mothers, who agree to live by the other family's rules) in 2008, Richard was such a belligerent jerk that, naturally, the Heenes were invited back for the show's 100th episode. America wanted more! And boy, did we get it.

Nor were TV's dysfunctional families Heene's only model. Even in professional careers, mere competence and craftsmanship is no substitute for a gimmick. You can be a brilliant chef and struggle to keep a restaurant afloat, or you can be a screaming chef—or, as on *Oxygen's* new reality show, a "naughty" chef—and be a media star. Real estate agents, tattoo artists, cake decorators—the only thing standing between them and fortune is the willingness to blow a gasket once a week on cable.

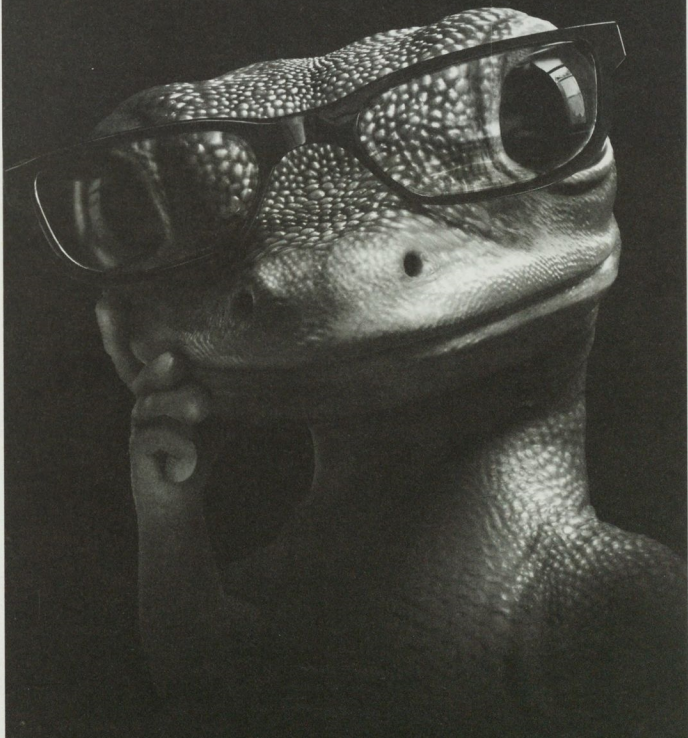
And science? Pfft. You might get a few minutes on *Nova* if you're serious and successful. But trick out your science, real or pseudo, with stunts and a catchy moniker—Legend Zappers! Storm Hunters! Ghost Blasters!—and get ready to sign. Perhaps the most surprising thing about Heene's proposed show (*Jon & Kate meets MythBusters*) is that it hadn't already been sold.

But as fame becomes cheaper and more common, you have to ante up more in order to stand out. Heene put up his family.

None of us can really know the dynamic of the Heenes or how eager Richard's wife and children were to serve his scientainment ambitions. The kids seemed to take to their *Wife Swap* appearance with foulmouthed gusto. But that doesn't make turning their lives into TV a better idea or make exploiting them in a publicity scheme any less odious. If your kid is puking on the *Today* show while you keep talking to Meredith Vieira, it's a good sign you've screwed up.

With the Heenes, like the Gosselins before them, we're seeing a new kind of show-biz family, a sort of reality-era von Trapps, for whom living in public is a given and privacy negotiable. We can expect to see only more of this in the future. People have got to make a living, after all, and families pull together. They do it for one another. They do it for the show. ■

GEICO



A NOTE ON 70 YEARS IN CAR INSURANCE FROM ONE OF
THE GIANTS IN THE INDUSTRY.

(WELL, NOT IN TERMS OF HEIGHT, OF COURSE.)

JUST HIS LITTLE WAY OF HELPING YOU SAVE HUNDREDS.

What the Gecko lacks in stature he makes up for in ability. And quite frankly there's nothing he enjoys more than rolling up his sleeves (if he had them) and getting to work.

After all, GEICO has been around for over 70 years — and that isn't simply a matter of luck. It takes dedication and skill to help new policyholders save an average of over \$500 per year.

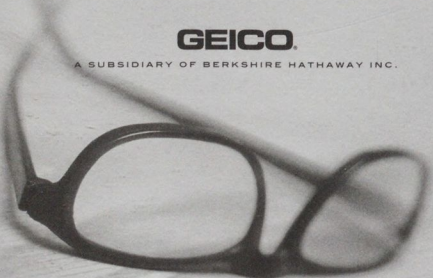
All the great discounts help, too. If you're accident-free for five years, you could get a good-driver discount. You could also get a defensive-driver discount or a discount for insuring more than one car on the same policy. You could save even more the longer you stay with GEICO. At the end of the day, that's more money in your pocket.

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Average savings amount based on national GEICO New Policyholder survey data through February 2008. As of December 31, 2008 Government Employees Insurance Company had admitted assets of \$22.5 billion, and policyholder surplus of \$4.1 billion (including \$28.4 million in paid up capital stock). Total liabilities were \$8.4 billion, including \$27 billion in reserves. Additional financial information is available at <http://www.geico.com/about/corporate/financial>. Customer satisfaction based on an independent study conducted by Alan Newman Research, 2008. Some discounts, coverages, payment plans, and features are not available in all states or in all GEICO companies. Motorcycle and ATV coverages are underwritten by GEICO Indemnity Company. Boat, PWC, Homeowner's, Renter's, Flood and Term Life coverages are written through non-affiliated insurance companies and are secured through the GEICO Insurance Agency Inc. Government Employees Insurance Co. • GEICO General Insurance Co. • GEICO Indemnity Co. • GEICO Casualty Co. These companies are subsidiaries of Berkshire Hathaway Inc. GEICO: Washington, DC 20076. © 2009-08 GEICO GEICO: Washington, DC 20076. GEICO Gecko image © 1999 - 2009. © 2009 GEICO



Joe

Klein

Red-Meat Primary. Florida's Senate contest will test whether Republicans prize pragmatism over ideology

ON A RECENT SATURDAY NIGHT IN DAYTONA Beach—with a thousand or so bikers exercising their unalienable right to be extremely noisy in the streets—Marco Rubio, the new ultraconservative poster boy running for the U.S. Senate in Florida, offered the Volusia County Republican Party a carefully calibrated, and rather compelling, celebration of freedom. He spoke about his Cuban heritage. His parents had escaped Castro. "It is possible to lose your freedom. You can have your family business taken over by 'the people.' You can lose your country. My parents did," he said, while carefully adding that he wasn't saying that would happen here.

The assembled Republicans seemed to ignore the caveat: they were the sort of people who are convinced that we are well down the road toward losing our country. Their local leaders had gone to Washington for the Sept. 12 tea-party march. The winner of the Republican of the Year award announced his daily fidelity to Glenn Beck's talk show. They described themselves, more than once, as "fighters for freedom." The man who introduced Rubio said the Democrats were intent on confiscating wealth in order to buy votes: "Our American principles are under attack in a way they never were before." Rubio refrained from feeding the crowd red meat—his was medium rare—but he did present a vision of the country at a crossroads of freedom and European-style socialism. "If we become like every other country, we will no longer be exceptional," he said. "And our children will ask us, Why did you let that happen?"

The 'massive' growth of government is a terrific issue in the abstract. It's more problematic when you get down to details

The Republican Senate primary in Florida, between Rubio and Governor Charlie Crist, will receive a great deal of national attention in the coming months. At a time when, according to a recent poll, only 20% of Americans identify themselves as Republicans, this race may be the purest test of where the party is headed, a choice between pragmatism and ideology. Both candidates are excellent. Rubio, a former speaker of



the Florida house, is young, handsome, enthusiastic and articulate in an unpacked, spontaneous way. Crist has been, by almost every account, a popular and successful governor. He is more the traditional politician, smoother than glass. "I smile a lot," the governor told me, sitting on the patio of his official Tallahassee mansion. "I'm a happy warrior."

By any reasonable standard, Crist would be considered a conservative. He is pro-life, pro-gun, antitax, big on law and order, a foreign policy hawk. But these are not reasonable times. In February, Crist not only came out in favor of Barack Obama's stimulus package; he welcomed the stimulator himself to Florida. There is a picture, which Floridians will see more than once before the primary, of the governor and the President arm in arm. Crist's aides can list the various things the stimulus funds have done for Florida—saved the jobs of 26,000

teachers, for starters. They will also tell you that Florida is a net "donor" state: it sends more money to the Federal Government than it receives. "Why shouldn't we get our fair share?" the governor asks. And as for his Obama hug, "He is the President of the United States. You honor the office,"

Then again, according to other polls, about a third of Republicans nationally don't think Obama was born in the U.S. A disproportionate number of them are the people who go to rallies and vote in primaries. The activists will probably be the heart of Rubio's campaign—although the candidate told me he doesn't consider the President's birth certificate an issue. "There are much

bigger problems to worry about," Rubio said. "There is the massive growth of government."

The "massive" growth of government is a terrific issue in the abstract. It becomes more problematic when you get down to details: Would Rubio actually have turned down the stimulus funds that he criticizes Crist for accepting? In Florida, with its elderly population (receiving government pensions and government health care) and its exotic climate, Rubio's form of libertarianism is a fantasy. Indeed, after the wild hurricane season of

2005, Governor Jeb Bush was forced to offer homeowners a public-insurance option—private insurance rates were skyrocketing—which quickly became the state's largest insurer. "Lord, save me from the purists," says Jim Greer, the state's Republican Party chairman and a Crist supporter. "If the party keeps going in this direction, all we'll have left will be three people sitting around a table. They'll be absolutely pure, but none of them will be holding office."

Crist says he has faced conservative challenges in Republican primaries before and won each time. This time, I suspect, his fate is tied to Obama's success: if the economy is looking better when the primary rolls around next August, Republicans may not be as riled up as they are now. "I'm not seeking the angry vote," the governor told me with a smile. "I'm seeking the optimists."



NATION

The End of California?

The next horizon Governor Arnold Schwarzenegger laughs off the California-is-over drama: "It's all bogus."



Dream On!

The Golden State has fought the status quo since its birth 160 years ago. It celebrates failure. It is a magnet for innovation. Its obituary has been posted time and again. But even amid a particularly rough chapter in the state's history, the nation's future is being written in California. A special report

BY MICHAEL GRUNWALD

CALIFORNIA, YOU MAY HAVE heard, is an apocalyptic mess of raging wildfires, soaring unemployment, mass foreclosures and political paralysis. It's dysfunctional. It's ungovernable. Its bond rating is barely above junk. It's so broke, it had to hand out IOUs while its leaders debated how many prisoners to release and parks to close. Nevada aired ads mocking California's business climate to lure its entrepreneurs. The media portray California as a noir fantasyland of overcrowded schools, perpetual droughts, celebrity breakdowns, illegal immigration, hellish congestion and general malaise, captured in headlines like **MELTDOWN ON THE OCEAN** AND **CALIFORNIA'S WIPEOUT ECONOMY** AND **WILL CALIFORNIA BECOME AMERICA'S FIRST FAILED STATE?**

Actually, it won't.

Ignore the California winery. It's still a dream state. In fact, the pioneering megastate that gave us microchips, freeways, blue jeans, tax revolts, extreme sports, energy efficiency, health clubs, Google searches, Craigslist, iPhones and the Hollywood vision of success is still the cutting edge of the American future—economically, environmentally, demographically, culturally and maybe politically. It's the greenest and most diverse state, the most globalized in general and most Asia-oriented in particular at a time when the world is heading in all those directions. It's also an unparalleled engine of innovation, the mecca of high tech, biotech and now clean tech. In 2008, California's wipeout economy attracted more venture capital than the rest of the nation combined. Somehow its supposedly hostile business climate has nurtured Google, Apple, Hewlett-Packard, Facebook, Twitter, Disney, Cisco, Intel, eBay, YouTube, MySpace, the Gap and countless other companies that drive the way we live.

"Whenever we have a problem, everyone makes a big drama—'Oh, my God, it's the end. California is over,'" Governor

Arnold Schwarzenegger told me. "It's all bogus." Schwarzenegger likes spin and drama too—he's issued warnings about a "financial Armageddon"—and he literally blew smoke in my eyes while we spoke. But his belief in the anything-is-possible dream of California is more than spin; he is, after all, its ultimate embodiment.

California, to borrow a phrase, will be back. It's been stuck in an awful recession—not quite as awful as Nevada's—but it's getting unstuck. It's made nasty cuts to close ugly deficits, but it hasn't had to release prisoners or close parks, and its IOUs are being paid. Its businesses aren't fleeing to Nevada or anywhere else; Jed Kolko, an economist at the Public Policy Institute of California, has shown that fewer than one-tenth of 1% of its jobs leave the state each year. Even California's real problems tend to get magnified by its size. If it were a country, it would be in the G-8. So, yes, California has the most foreclosures and layoffs. With 38 million residents and a \$1.8 trillion economy, it also has by far the most homes and jobs.

It can be perilous to generalize about a place this gigantic, an overwhelmingly metropolitan state that leads the nation in agricultural production, a majority-minority state with a white-majority electorate. There are real differences between (crunchy, techy) Northern and (hipster, surfer) Southern California, and especially (richer, denser, bluer) coastal and (poorer, sparser, redder) inland California. But one generalization has held true from the Gold Rush to the human-potential movement to the dotcom boom: California stands for change, for disruption of the status quo. "California is not another American state," concluded Carey McWilliams in his 1949 history *California: The Great Exception*. "It is a revolution within the states."

Today, it's still the home of the new new thing. It is electric-vehicle start-ups like Tesla, Fisker and Better Place taking on the Big Three, or the local-organic foodies behind California cuisine going after Big Ag. It's Kaiser Permanente, the HMO whose model of salaried doctors in group practice may be the future of health care, or the University of California at Irvine's law school, which opened this semester with free tuition and was instantly more selective than Harvard or Yale. It's SpaceX, the private rocket-launching company, or Kogi, the Korean taco truck that announces its location over Twitter to flash mobs of Angelenos. "The beauty of California is the idea that you can reinvent yourself and do



something totally creative," says Kogi's Roy Choi, a former chef at the Beverly Hilton. "It's still the Wild West that way."

California is a state of early adopters—not only in fashion, technology and design but in politics too. Its voters approved huge bonds for stem-cell research, high-speed rail and repairs to aging infrastructure while Washington was dragging its feet; its politicians adopted first-in-the-nation greenhouse-gas regulations, green building codes and efficiency standards for automobiles and appliances that have rearranged the national energy debate. Yes, it was also an early adopter of subprime mortgages—Countrywide, Golden West and IndyMac were all California-based—but life on the frontier has always been risky. "This is the most dynamic place for

'This is the most dynamic place for change on earth. That's why we're here. It is pretty nice not to have to wear pants.'

—J. CRAIG VENTER, GENOMIC PIONEER



The heat is on SunPower's Dinwoodie at the company's historic plant; once it made Model A's, and now it's making clean energy

change on earth," genomic pioneer J. Craig Venter said on a recent tour of his San Diego labs, where researchers are studying ways to convert algae into oil, coal into natural gas and human wastewater into electricity. "That's why we're here." Dressed in shorts, flip-flops and a crazy-loud floral shirt on a typically perfect day, Venter noted that California's quality of life isn't bad either: "It is pretty nice not to have to wear pants."

California has long inspired its own premature obituaries. The 1855 book *The Land of Gold* dismissed it as "lawless, penniless and powerless." TIME published a woe-is-California issue called "The Endangered Dream" in 1991 after the aerospace industry collapsed. But even with 12% unemployment, California still has an enviable young and productive workforce. And it's still a

magnet for dice-rolling dreamers who want to start anew, make money and change the world, with or without pants. "I see my own pattern repeated again and again—people who want to invent the future and aren't afraid to fail," says billionaire Silicon Valley financier Vinod Khosla, an Indian immigrant who helped found Sun Microsystems and recently unveiled a \$1.1 billion venture fund for investments in clean technology.

Which just happens to be the next California gold rush.

The New Gold Rush

TOM DINWOODIE IS STANDING ON A ROOF, staring at the future. The roof covers Richmond's grand "daylight factory" overlooking San Francisco Bay, where Ford built Model A's before World War II and then

the iconic Rosie the Riveter built jeeps and tanks during the war. Now SunPower Corp. uses it to assemble the world's most efficient solar panels, including a sleek array on its roof. That's where Dinwoodie, SunPower's chief technology officer, likes to go to look across the bay at a collection of hulking tanks in which Chevron stores fossil fuels. If we don't stop global warming, he says, that water will rise. But if solar and other renewables keep growing as fast as they are in California, "we'll turn those tanks into hot tubs."

If you think solar is an eco-fantasy, you probably don't live in California, where rooftop installations have doubled for two years in a row, to 50,000, heading to the state goal of 1 million by 2017. The San Francisco utility Pacific Gas & Electric, which recently bolted the U.S. Chamber of Commerce over climate policy, has 40% of the nation's solar roofs in its territory. SunPower now has more than 5,000 employees. It's building massive power plants for utilities, as well as roof panels for big-box stores, complete subdivisions and individual homes. Prices are plummeting, and competition is fierce, most of it from California firms like BrightSource, Solar City, eSolar, Nanosolar and Solyndra. "The scramble is on, and California is leaps and bounds ahead of the rest of the country," says Dinwoodie. "That's true of all energy issues."

When it comes to energy, California is not just ahead of the game; it's playing a different game. Its carbon emissions per capita are less than half the U.S. average. And from 2006 to '08, it attracted \$3 of every \$5 invested in U.S. clean tech—five times as much as the No. 2 state. It's by far the national leader in green jobs, green patents, supply from renewables and savings from efficiency. It's also leading the way toward electric cars, zero-emission homes, advanced biofuels and a smarter grid: its electric utilities plan to install smart meters in every California home. It's even launched a belated battle against car-dependent sprawl, with unprecedented rules forcing communities to consider carbon emissions in their land-use plans.

California has been preparing for its clean-energy future for a long time. Starting in the energy crisis of the 1970s, California revamped its electricity markets so that utilities could make more money by helping their customers use less power. It also began enacting groundbreaking efficiency standards for buildings, appliances, pool heaters and almost anything else that needs juice. It just proposed the

first standards for flat-screen TVs. As a result, per capita energy use has remained stable in California while soaring 50% nationwide, saving Californians an estimated \$56 billion and avoiding the need for 24 new gas-fired power plants. On the supply side, the state has required utilities to provide one-fifth of their power from renewables by 2010, which will jump to one-third by 2020. And California's soup-to-nuts effort to slash emissions—including a cap-and-trade regimen in 2012—is the blueprint for federal climate legislation.

This public-sector foresight has created alluring opportunities for the most tech-savvy private sector on earth. The venture capitalists behind the high-tech and biotech booms see clean tech as the next big score. The necessary engineers, scientists, accountants, lawyers, marketers and other knowledge workers are already there. "We've already turned industries on their heads, so we assume we can do it again," says Steve Dolezalek, VantagePoint Venture Partners' managing director, who oversaw the firm's software and life-sciences investments before heading its clean-tech group.

The lines between sectors are blurring fast. As its name suggests, eSolar is essentially a software play; its added value is advanced code that positions vast arrays of mirrors to the millimeter to maximize their exposure to sunlight. The company was spawned by Idealab, a Pasadena incubator that developed NetZero, Picasa, pay-per-click ads and online car-selling. "We only do ideas that challenge the status quo, and California is the only place we'd do it," says CEO Bill Gross.

Chip-industry veterans are also drifting into solar, as well as LED lighting and green materials, while Cisco, which made the guts of the Internet, is pivoting to make the guts of the digitized grid. San Diego's cluster of more than 500 biotech companies is now the world capital of algae-to-fuel experiments, including a new \$600 million joint venture between ExxonMobil and Venter's Synthetic Genomics. Khosla's investments include Calera, a carbon-capturing-cement start-up founded by a Stanford expert in medical cement; Amyris, which has Berkeley malaria researchers working to turn sugar into diesel; and Soladigm, which exploits semiconductor-industry expertise to make energy-efficient windows.

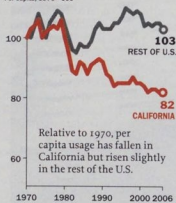
California scores poorly in most "business friendly" ratings, which tend to focus on tax rates and wage levels rather than on, say, worker productivity or creativity. And the state has more than its share of

The Golden State By the Numbers

Top 10 GDPs
In trillions, 2008

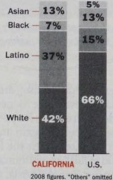


Energy-consumption index
Per capita, 1970 = 100



Population

By 2050, Latinos are projected to make up more than half of California's population



Sources: World Bank, Bureau of Economic Analysis; Next 10; U.S. Census

no-no-no types protesting nanotechnology, synthetic biology and even some SunPower solar-energy projects, which could possibly imperil kangaroo rats and fairy shrimp. But the state's business culture fetishizes long-shot ventures and game-changing ideas. Failure is appreciated, not stigmatized, and an entrepreneur without a few busted start-ups on his résumé is almost suspect.

Guido Jouré, who oversees Cisco's emerging technologies, explained this creative destruction when we talked over TelePresence, an ultra-high-definition substitute for the hassle, expense and carbon footprint of business travel. We were 3,000 miles (4,800 km) apart, but I kept forgetting we weren't at the same conference table. One of Steven Spielberg's cinematographers helped Cisco get the illusion of intimacy just right. "California has a very welcoming attitude, but it's a Darwinian society," Jouré said. "Companies come and grow and die, and no one sheds a tear. And there's a real sense that it isn't worth doing if it won't change the world."

California's high-tech community has concluded en masse that the next Google guys are going to be the visionaries who figure out how to harness the sun, build a battery to store the wind or engineer the renewable fuel that won't compete with the food supply. (It could be the actual Google guys, who have launched an aggressive clean-energy initiative.) "Inventing a better gadget isn't enough anymore. We're trying to reshape the way people live," says SolarCity CEO Lyndon Rive, a South African who went to California for the world underwater-hockey championships, got caught up in the Internet boom and never left. He built and sold an IT-support company; now he's reshaping its software to monitor solar panels.

The State of Progress

SO WHY ALL THE END-IS-NIGHISM? Schwarzenegger thinks California gets slagged nationwide for the same reason the U.S. gets slagged worldwide: it's natural to resent the big kahuna. (He should know; his approval rating has dipped below 30%.) In a poolside interview after hosting a global climate summit in Century City, he suggested that outsiders envy California's immense resources—beaches, mountains and redwoods; Hollywood, Napa and Disneyland; the best in stem-cell research, fruits and vegetables, entertainment and fashion. (He was sporting a suit with a zebra-print lining.) "We're all about the cutting edge," he said. "I mean, come

CALIFORNIA

Given up for dead by some, the Golden State is still a mirror of the nation's future politics, economics and demographics. While the rest of the nation catches up to life on the coast, California is home to industries, laboratories and technologies that will go a long way toward determining how we live in the 21st century



43% of all U.S. venture capital in 2008 went to the San Francisco Bay Area



GREEN VEHICLES

California leads the nation in fuel-economy standards and registered hybrid, electric and natural-gas-fueled cars. Los Angeles and San Francisco are the top U.S. hybrid markets.

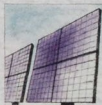
Big players: Tesla Motors, based in San Carlos, and Fisker Automotive, based in Irvine



BIOTECH

The state remains the player to watch in such fields as genomic medicine and photosynthetic algae technology, which experts say could produce far more fuel than corn, soy or sugarcane can in the same space.

Big players: San Diego's Scripps Research Institute and the Salk Institute



SOLAR POWER

The sun-drenched state boasts 38% of the nation's solar-energy patent registrations, mirroring fast-growing local demand for clean energy; rooftop solar installations in California have doubled two years in a row.

Big player: SunPower Corp., headquartered in San Jose



HIGH TECH

Firms that made their mark in microchips, software and the Web are now pouring resources into green ventures like the digitized energy grid, ultra-high-def video-conferencing that shrinks the carbon footprint of business travel and advanced code that perfectly positions solar mirrors.

Big players: San Jose's Cisco Systems and Pasadena's eSolar

\$1.1 billion

in venture capital was recently raised by clean-energy investor Vinod Khosla, a co-founder of Sun Microsystems

\$600 million is the value of a joint venture between ExxonMobil and La Jolla-based Synthetic Genomics to develop fuel from algae

on. California is wild!" He's right about the schadenfreude, and it was fun to hear him say the word. It is easy to gloat when the cool jock with the hot girlfriend wrecks his sweet car, especially if he seems kind of smug. I was reminded of this during Rob Lowe's talk at the summit, when he declared that everyone has an obligation to join the fight against global warming, then continued, "For my part, I'll be doing *The Ellen DeGeneres Show*."

Then again, California has legitimate problems that inspire legitimate criticism: gangs, sprawl, disturbing dropout rates, water shortages that don't seem to stop farmers from irrigating rice and cotton in the desert, the crazymaking traffic that Hollywood immortalized in *Falling Down*. It's still sitting on a fault line. Its expensive housing, even after the real estate crash, poses a real obstacle to the dream of upward mobility. So do its public schools and other public services, which have been deteriorating for years—in part because

older white voters have been reluctant to subsidize younger minorities.

This gets to the one area where California really is dysfunctional: its budget. Californians generally enjoy government spending more than they enjoy paying for it, which is a national problem, but they've also straitjacketed their politicians with scads of lobbyist-produced ballot initiatives locking in huge outlays for various goodies, as well as the notorious Proposition 13, which has severely restricted local property taxes since 1978. California is also one of only three states that need a two-thirds supermajority to pass a budget or raise taxes, a virtual impossibility in its ultra-partisan legislature. So it relies on a boom-and-bust tax base that even many liberals admit is overreliant on the rich. The state's economy actually grew last year, but its revenues crashed because its top earners had lower incomes and capital gains. That meant sharp cutbacks, especially in education, which in California is unusually

dependent on state cash. "We have an incredibly dynamic economy, but we'll still end up in federal receivership if our government can't pay its bills," says historian Kevin Starr, a prolific chronicler of the state.

Fortunately, help may be on the way. Nonpartisan groups like Repair California and California Forward have built momentum for sweeping reforms that could stop the unsustainable chaos—including an end to the two-thirds rule, limits on ballot initiatives and a new system of taxation. Schwarzenegger is pushing for a gargantuan water-sharing agreement that could help prevent the state from running dry. And his potential successors are also formidable go-getters with forward-thinking credentials—including former governor and current attorney general Jerry Brown, golden-boy San Francisco mayor Gavin Newsom and former eBay CEO Meg Whitman. Brown, the early front runner, was widely mocked as Governor Moonbeam back in the 1970s, but some of

Innovator Venter has come to San Diego to develop synthetic tools to attack disease and global warming





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Social-network entrepreneur Chef Choi and his Kogi Korean-BBQ taco truck: gourmet dining at recession-proof prices via Twitter alerts

his ideas—including energy efficiency, as well as the emergency-communications satellite that inspired his nickname—no longer seem so flaky.

But the crazy-Kalifornia criticism is likely to continue regardless of the facts on the ground—not just because of envy, but because of ideology as well. The collapse of the Golden State provides an irresistible parable for hippie-lefty vegan politics, the failure of a quasi-Scandinavian progressive experiment symbolized by MoveOn.org, Daily Kos and the Sierra Club; yoga, crystals and medical marijuana; “Hollywood values” and “San Francisco values.” California has a tradition of activist government, and public support for the University of California, federal energy labs and the military-aerospace-industrial complex played a huge role in creating Silicon Valley, San Diego’s biotech cluster and the state’s other private-sector centers of innovation. So it’s been a juicy target for right-wingers who consider Schwarzeneg-

ger a squishy sellout. If a low-carbon, Big Government, change-obsessed state with high taxes on the wealthy, draconian environmental regulations, a porous border and the nation’s most vibrant labor movement were imploding, what would that say about the age of Obama?

Then again, the home state of Richard Nixon and Ronald Reagan has been a conservative trendsetter as well, leading the backlash against taxes, affirmative action and illegal aliens and enacting the first three-strikes law against career criminals. Its economy is much closer than the nation’s to a true model of free-enterprise capitalism, in which government sets rules and enforces a level playing field but declines to pick winners. And what could be more Californian than the conservative megapastor Rick Warren urging his multimedia flock to make a fresh start with a forgiving God? “A clean slate is possible!” he wrote in his best seller *God’s Power to Change Your Life*. “It’s a lot like my son’s Etch A Sketch.”

In any case, California is not imploding, which ought to be heartening to Americans regardless of ideology or geography. Because America is essentially the land of the Etch A Sketch, and California is America but more so, beckoning dreamers who want to cook Korean tacos or convert fuel tanks into hot tubs. It’s progressive more in the literal than in the political sense of the word. And it’s where America is going: a greener, more advanced and more global economy; a browner and more metropolitan population; and, yes, some staggering debts and other governance problems that need to be resolved. It’s expensive and crowded—because people still want to be there!—and it’s recovering from an economic earthquake. But it continues to have a powerful claim on the future. “In the depths of the breakdown, you can see the next narrative,” says Mark Muro of the Brookings Institution’s metropolitan-policy program. “It’s California. The next economy is already in place there, and it’s amazing.” ■

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the beauty goes on



You don't know him (he's a lobbyist) but he may be the biggest winner in health-care reform. So who loses?

BY KAREN TUMULTY AND MICHAEL SCHERER

IN CONGRESS, COMMITTEE CHAIRMEN are known as the old bulls for a reason: it's unwise to provoke them. So it isn't often that you see one get rolled by his own committee—especially when the chairman in question is the formidable and canny Henry Waxman and the issue in question is one that matters a lot to him. But that was what happened on July 31 as the House Energy and Commerce Committee was putting the final touches on health-reform legislation. Waxman's fellow California Democrat Anna Eshoo offered a last-minute amendment that Waxman opposed. Knowing he would lose, Waxman decided to save face with a quick voice vote. But Eshoo insisted on a roll call, which would put every member

on record. Waxman snapped at her, "You promised you wouldn't do that!" The final tally was 47-11 against the chairman.

Waxman's loss that day was a big victory for drug companies, which have spent more than any other segment of the medical industry to make sure that they come out winners in the effort to overhaul the nation's health-care system. It's understandable the drugmakers would want a roll-call accounting of who their friends and enemies are, considering the size of the investment they are making on Capitol Hill: in the first six months of this year alone, drug and biotech companies

Jim Greenwood President and CEO of the
Biotechnology Industry Organization





In the first six months of this year, the pharmaceutical industry spent about \$609,000 a day to influence lawmakers

and their trade associations spent more than \$110 million—that's about \$609,000 a day—to influence lawmakers, according to figures compiled by the nonpartisan watchdog group Center for Responsive Politics. The drug industry's legion of registered lobbyists numbers 1,228, or 2.3 for every member of Congress. And its campaign contributions to current members of Waxman's committee have totaled \$2.6 million over the past three years.

The return on that investment has been considerable, both in the House and in the Senate. "We've done very well," says lobbyist Jim Greenwood, a former Republican Congressman from Pennsylvania who was a member of the Energy and Commerce Committee and now heads the Biotechnology Industry Organization (BIO). "We carried a majority of the Democrats and a majority of the Republicans in each of the committees, and by very clear margins."

Whether the broader public is benefiting from the industry's success is less clear. How Greenwood's group has scored decisive early victories on an obscure but crucial health-care provision is a case study in how interest groups are shaping the contours of health care reform—and why that's not necessarily good news for consumers.

The Generic Nudge

THE QUESTION BEFORE WAXMAN'S COMMITTEE last summer was this: How many years of monopoly protection should be afforded to biotechnology drugs, known as biologics, before cheaper alternatives are allowed on the market? These miraculous drugs—which differ from traditional, chemical-based pharmaceuticals because they are derived from living matter—are widely regarded as the future of the pharmaceutical industry and, indeed, of medicine itself. While only 20% of drugs on the market today are biologics, it is expected that, with 633 biotechnology medicines in development

last year for more than 100 diseases, half the new drugs approved in 2015 will be. Biologics average more than 20 times the cost of traditional drugs: treating breast cancer with a year's worth of the biologic Herceptin can cost \$48,000; Remicade, for rheumatoid arthritis, can cost \$20,000 annually. For other, rarer diseases, the price of biologic treatments can be as high as \$200,000 a year.

As policymakers look for ways to control health-care costs, the price of biologics is drawing more and more scrutiny. The obvious model for bringing in competition is a 1984 law that Waxman wrote with Republican Senator Orrin Hatch. It lowered the regulatory obstacles that prevented generic drugs from making their way to market. At the time, it was expected that fast-tracking the approval of "bioequivalent" drugs would bring down medical costs by \$1 billion a year. But with generics now accounting for more than 70% of prescriptions dispensed in the U.S., "the actual savings have exceeded our wildest expectations," Waxman said in a Sept. 18 speech before the Generic Pharmaceutical Association. "In the last decade alone, generic drugs have saved consumers, businesses and state and federal governments \$734 billion."

Can a similar approach work with biotechnology drugs, which were not dealt with in the 1984 law because the industry was then in its infancy? A 2008 analysis by former Clinton Administration official Robert Shapiro, who has consulted for both biologics companies and their would-be generic competitors, suggested that generic versions of the top 12 categories

of biologics whose patents have expired or will expire soon could save Americans up to \$108 billion in the first 10 years and as much as \$378 billion over two decades. "It's the low-hanging fruit," says Mark Merritt, head of the Pharmaceutical Care Management Association, the trade organization for prescription drug-benefit managers. "If you can't get this right on cost control, what can you get right?"

But there's a dilemma: policymakers want to foster cost-saving competition without killing the financial incentives that have put the U.S. biotechnology industry at the vanguard of medical science and without stifling the development of even more drugs that could save lives and eliminate suffering. Finding that equilibrium goes to the question of how long biotech firms should be guaranteed exclusivity, outside the protection of their patents, before copycats can begin using the data they have developed.

Waxman had pushed to shield biologics for no more than five years—the same amount of time that traditional pharmaceuticals get under the Hatch-Waxman law. President Obama proposed seven years as a compromise.

Eshoo's successful amendment to the Energy and Commerce Committee bill would extend that to 12 years of exclusivity, as would legislation passed a few weeks earlier by the Senate Health, Education, Labor and Pensions (HELP) Committee. Then-chairman Ted Kennedy, whose state of Massachusetts is home to many biotech firms, had long supported a 12-year exclusivity period. The industry showed its gratitude last year when Amgen, one of the biggest biotech firms, donated \$5 million—twice the size of the next largest donation—to a nonprofit educational institute being built in Kennedy's honor.

The Federal Trade Commission (FTC), though, argued in June that giving biologics makers any period of exclusivity at all could actually stifle innovation. Biologics are so much more complex and expensive to produce than traditional drugs that the

The High Cost Of Biologics

Expensive drugs made from living matter, including these top sellers, make up a growing share of health-care costs

DRUG	AVASTIN	ENBREL	REMICADE
MANUFACTURER	Genentech	Immunex	Centocor Ortho Biotech
CONDITION	Various cancers	Rheumatoid arthritis	Inflammatory disorders
SALES (IN BILLIONS)*	\$9.2	\$8.0	\$7.9

*2008 figures



ENBREL: IMAGINEX/FLUORCING; HUMIRA: ABBOTT LABORATORIES/FLUORCING; REMICADE: CENTOCOR ORTHO BIOTECH

Last year there were **633** biotechnology medicines in development for more than **100** diseases

barriers to would-be "biosimilar" competitors are already high, the FTC said. Giving biologics further protection—particularly the 12 years of exclusivity that the industry wants—would merely encourage firms to tinker with what they have rather than drive them toward "new inventions to address unmet medical needs."

Most small biologics companies are still years away from seeing their first profits in this high-risk, high-return business. Their trade association, BIO, says that in the past 11 months, at least 40 of them have cut back or eliminated drug-development programs. The venture capitalists who invest in them "aren't looking to cure Parkinson's disease as much as they are looking for a return on their investments," says Greenwood. "They're just as happy to put their money into the next iPod." But increasingly, the big players in the pharmaceutical industry are moving into the biologics business themselves, either by investing in cutting-edge firms or by acquiring them.

Shifting Politics

THAT MAKES THE POLITICS—AND THE lines of political influence—a lot more difficult to sort out. Whereas the traditional pharmaceutical industry is concentrated in just a couple of states, biotech firms have sprung up just about anywhere you find a university with a research hospital, which gives them a broad political base. "I know that vote hurt me at home," says Ohio Senator Sherrod Brown, who led the unsuccessful fight against the 12-year exclusivity in the Senate HELP Committee.

Indeed, the biologics lobby has become one of K Street's most powerful players. Working largely through BIO and the Pharmaceutical Research and Manufacturers of America (PhRMA), it has funded an extensive network that includes not only lobbyists but also think-tank experts and advocacy groups. "You can't get on the phone with someone who isn't getting paid," says an economist who has studied

the biologics issue with funding from a drug company. "They give money to everyone and anyone."

That means it can be hard to find a truly independent viewpoint, though it often requires deep digging into the finances of advocacy groups to discover their ties. In July, one calling itself the National Health Council wrote letters to members of Congress "on behalf of 133 million Americans" asking for a minimum of 10 years of data exclusivity. The group boasts a membership that includes 50 of the nation's largest patient-advocacy groups, including the American Cancer Society, Easter Seals and the National Kidney Foundation. But its board of directors reads like a *Who's Who* of top pharmaceutical executives from Amgen, Pfizer, Novartis and Bristol Myers Squibb. Its 2007 tax filings show that almost half its \$2.3 million budget came from PhRMA and drug companies.

Similarly, on Oct. 19, PhRMA put out a statement calling for a "fair period of data protection" of 12 years at a "bare minimum." To defend its position, the group cited Duke University economist Henry Grabowski, whose work it has funded, and two patient groups. One, called RetireSafe, receives regular infusions of "general operating support" from Pfizer and operates out of a small Washington law-firm office. It has been blitzing Capitol Hill with letters arguing that guaranteeing biologic makers fewer than 12 years of exclusivity in the use of their data could cost lives. The other group, the Alliance of Aging Research, is also run by the drug industry. Its chairman is the managing partner of Foxkiser, a drug-

company consultant, and its vice chairman is with Novartis.

Among the biologics industry's most high-profile advocates has been former Democratic National Committee chairman Howard Dean, who is consulting for a law firm that has a deep roster of biologics clients. In July he wrote an Op-Ed in the *Hill* newspaper arguing for a "commonsense and fair approach" to give biologics companies at least 12 years of exclusivity. ("I wouldn't do this if I didn't believe it," Dean, a physician, said in an interview.) His former campaign manager Joe Trippi echoed Dean's views on a Huffington Post blog without disclosing that he had been paid by BIO to create two Web campaigns. (He also says his views predated his paycheck.)

The other side has resources of its own. The biggest generic-drug company, Teva Pharmaceuticals, has spent more than \$2 million on lobbying and also sponsored academic work on the issue, aiming to disprove Duke's Grabowski. Generic-drug manufacturers are allied with such powerful organizations as AARP, labor unions, insurance companies, health-maintenance organizations and health-reform advocacy groups. There will be fights on the House and Senate floors and ultimately a House-Senate conference committee, on which Waxman will be a key voice. "The war is not over," he has warned. "If you know me at all, you know that I don't give up that easily."

How it is resolved—in favor of protecting the biotech industry or opening up the market to generics—may say a lot about which interest groups will ultimately reap the windfall of the big-stakes battle in Washington. What it means for consumers is somewhat murkier: Will a miracle cure be there when you need one? And if it is, will you be able to afford it? Those are questions that hinge on whether the rest of us can trust Congress to find proper balance between competition and innovation. ■

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Abbott	Genentech	Genentech	Sanofi Aventis	Amgen, Ortho Biotech	Amgen	Novo Nordisk
Rheumatoid arthritis; psoriatic arthritis	Non-Hodgkin's lymphoma; rheumatoid arthritis	Breast cancer	Diabetes	Anemia	Neutropenia	Diabetes
\$7.3	\$7.3	\$5.7	\$5.1	\$5.1	\$4.2	\$3.7

Sources: Emerging Health Care Issues: Follow-On Biologic Drug Competition (FTC report, June 2009); product information





Extra Money

To read Justin Fox's daily take on business and the economy, go to time.com/curiouscapitalist



Is the Stimulus Helping?

Probably, a little. But it is also stimulating a phony debate among Washington's partisans

THE \$787 BILLION AMERICAN RECOVERY and Reinvestment Act that Congress approved last February was the first major legislative accomplishment of the Obama White House. Lately, it has also become one of Washington's most frequently tossed political footballs.

Here's the play-by-play from a few days in mid-October. House Republicans wrote (and released to the public) a letter to the President in which they claimed that with the unemployment rate at 9.8%, "it is now evident that the massive 'stimulus' spending bill enacted months ago has been unsuccessful." Obama economic adviser Larry Summers stepped up to play defense. "Thanks largely to the Recovery Act..." he wrote, "we have walked a substantial distance back from the economic abyss and are on the path toward economic recovery."

The next counter came in a memo to House Republicans from economist and former John McCain adviser Douglas Holtz-Eakin, who wrote, "Jobs keep disappearing... and the Obama Administration's only apparent plan is to double down on a failed strategy for economic stimulus." The next day, the White House went on offense, hailing a preliminary report on stimulus job creation (30,000 jobs directly created or saved by the first \$16 billion in spending). House minority leader John Boehner retorted that such exulting was "beyond the pale" because "3 million private-sector jobs have been lost since it became law."

Who's right here? Well, first, the Republican argument that the stimulus is a bust because jobs have been lost fails a basic logic test. After last fall's global

financial shock, the job market was going to be thrown for a loss no matter what. The issue is whether the number of job losses is greater or lesser than it would have been in the absence of the stimulus. "You can't answer these questions without a compared-to-what," says Jared Bernstein, economic adviser to Vice President Joe Biden, who is overseeing the stimulus. "We can have good arguments about the baseline, but a critique



that doesn't evoke the baseline is useless."

I got my rough baseline from a conversation at the height of last fall's financial panic with Barry Eichengreen, an economist at the University of California, Berkeley, who is an expert on the Great Depression. "I doubt that we'll be able to avoid double-digit unemployment," he told me. "But I'm still confident we can avoid 24% unemployment like in 1933."

By that standard, we're doing O.K. But Bernstein and Christina Romer, the chairwoman of the President's Council of Economic Advisers, made the mistake of providing a more optimistic baseline last January—a forecast in which unemployment peaked at 9% without the stimulus bill and stayed below 8% with it.

Unemployment has of course passed both those mileposts and is probably still

rising. ("I have noticed," Bernstein says dryly.) This overshoot says more about the inadequacy of economic-forecasting models than about the efficacy of the stimulus. But the White House cites these same kinds of models in claiming that the stimulus added between 2 and 3 percentage points to economic growth in the second quarter and 3 points in the third quarter. This may be correct as far as general direction—my unscientific assessment

(a.k.a. guess) is that it is—but the exact numbers are probably bunk.

The political back-and-forth on the stimulus bill is the ultimate in bunk, though, because it ignores most of the fiscal stimulus provided by Washington so far. Anytime the Federal Government spends more than it takes in, it creates fiscal stimulus. That stimulus (deficit) was \$1.4 trillion for the just-ended fiscal year, up about \$1 trillion from the year before. The stimulus bill accounted for just \$200 billion of that increase, according to the Congressional Budget Office. Bailing out banks and other financial firms cost \$245 billion. A \$419 billion drop in tax receipts (due mainly to recession, not legislation) without an offsetting

spending cut was the biggest factor in the deficit's rise. Then there are the trillions of dollars the Federal Reserve put into asset purchases and other programs—surely the biggest stimulus of all.

Why don't we hear constant political debate about these other stimulus efforts? Presumably because they were the result of bipartisan legislation or were the doing of the nonpartisan Fed. That is to say, the Obama Administration can't take full credit for the bulk of the stimulus, and the Republicans can't disown it. So neither side talks much about it. Over the coming year these other forms of stimulus will—one hopes—be rattled back, while stimulus-bill spending will peak. At that point the great stimulus debate might actually start to matter. Until then, there's better football to be watched elsewhere. ■

The job market was going to be thrown for a loss no matter what. The issue is whether there are fewer job losses than there would have been without the stimulus

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WORLD

No exit Since 2007, tunnels like this one have been the only way to move commercial goods into Gaza. In some places, the passages are just 3 ft. high

Underworld. Deep inside the tunnel economy of the Gaza Strip

BY ABIGAIL HAUSLOHNER
PHOTOGRAPHS BY RICHARD MOSSE

THERE IS NO EASY ACCESS TO THE Gaza Strip. When the Islamist organization Hamas took control of Gaza in 2007, Israel all but shut down the tiny coastal territory, imposing a suffocating blockade on Gaza's land and sea borders that keeps the people in and the goods out. That's when the roughly 1.5 million Palestinians living in Gaza turned to the tunnels. There are hundreds of underground passageways stretching from Gaza south into Egypt—some dug as deep as 100 ft.—used each day to transport commercial goods that range from food and baby formula to computers and even cars. They are Gaza's only lifelines to the outside world. "You have zero exports and zero commercial imports through the [Israeli-controlled] crossing points," says John Ging, head of the U.N. Relief and Works Agency in Gaza. "All that is allowed in is humanitarian aid and supplies... In terms of economic activity, there is none other than the tunnel economy."

Tunnels differ from one another in size, shape and purpose and are built with varying degrees of sophistication. Some are shallow, fragile-looking dirt shafts with narrow openings; others have wide, wood-reinforced passageways. One tunnel, meant exclusively for livestock, descends gradually underground on both the Egyptian and Gazan sides. The workers say the inclines are easier on the cows and donkeys, which



FROM TOP:
A pulley mechanism is used to raise goods out of a tunnel near Rafah.
The plastic chairs were smuggled in from Egypt to refit a school
destroyed by Israeli bombs, according to Palestinians

Smugglers fashion sleds out of blue plastic barrels, which are then
filled with goods and lowered down concrete shafts into the tunnels.
A Hamas officer displays items recently arrived from Egypt



Generators, top, power the pulley system while bulldozers, bottom, move earth for the construction of yet another tunnel head. Heavy materials like timber, middle, move through the tunnels too

Gazans import sheep, goats and cows through the tunnels, while workers communicate by telephone with sled and pulley operators below. Gaza's Health Ministry counts at least 120 tunnel-related deaths since 2007

Tunnel town Outside Rafah, a canopy sits above the head of a tunnel. Israel charges that the tunnels are also used to smuggle weapons

would otherwise have to be hauled out with a generator-powered pulley.

The nerve center of the tunnel economy is Rafah, a town of 150,000 just over the border from Egypt. The outskirts of the town are dotted with tents, tarps and bulldozers, marking the tunnel openings where goods are raised and lowered. In Najma Square, in the center of Rafah, the fruits of tunnel labor meet their first customers. Encircling the square are tables covered with TV sets, fans, blenders and generators, and stalls packed with refrigerators, washing machines and ovens—and this is just the electrical side of town. Moving west toward the border, you see more goods: boxes of cigarettes, giant bags of potato chips and sacks of cement. Then you pass the warehouses that sell the tools used to physically shape the tunnel industry: shovels, rope, pulleys and electrical cords, plus pickaxes, hammers, nuts, bolts and screws in all sizes. The industry of making the tunnels is a booming business on its own.

For Israel, the tunnels have always been a target. Before 2007, such tunnels were primarily for smuggling weapons used by Palestinian militants against Israeli civilians. Now Israel suspects that the Hamas government is profiting off the tunnel trade. Last winter Israeli forces destroyed most of the tunnel network, along with much of the Gaza Strip's infrastructure, during its three-week offensive, Operation Cast Lead. But the tunnel workers got right back underground. "We are just trying to earn a living here. We have no other choice," explains Abu Obeida, a potato-chip and clothing smuggler who has been working in tunnels for a year and a half. Says Khalid al-Hubi, a Rafah shopkeeper who deals mostly in smuggled generators: "Even if Israel destroys all of the tunnels entirely, I'm quite sure that the tunnels will only be dug again and again." ■



Gaza Underground

To see video from inside the smuggling tunnels of the Gaza Strip, go to time.com/tunnels





A Rivalry on the Roof of the World

In the Himalayas, India and China are needling each other. Welcome to what may be the century's most important contest

BY JYOTI THOTTAM/NEW DELHI

EVERY COLD WAR HAS ITS PROXIES. In a swath of Himalayan mountains wedged between the northeast Indian state of Arunachal Pradesh and China, they can take the shape of things as mundane as the empty beer bottles and cigarette butts left behind by soldiers on patrol. Up in the mountains, the Indian and Chinese armies monitor a boundary whose line the two countries don't agree on. In certain parts of that murky borderland, the soldiers on night patrols often leave behind evidence of their presence. When relations between the two countries are good, it's litter; when the situation is tense, the detritus is marked in the official record as evidence of "aggressive border-patrolling." Without any direct military confrontation, the tension between Asia's two aspiring superpowers is ratcheting up.

India and China have never been close, but of late they have become engaged in increasingly sharp rounds of diplomatic thrust and parry. In September, India signaled its approval of a planned visit by the Dalai Lama to the border town of Tawang, the site of a famous Tibetan Buddhist monastery—a move that China interpreted as a provocation. Beijing then objected to a visit by Manmohan Singh, the Indian Prime Minister, to Arunachal Pradesh, claiming it was part of Tibet, which belongs to China. Outraged that China presumed to tell an Indian leader not to go to territory legally recognized as India's, New Delhi then objected to a new power plant that China is building in Pakistani-controlled Kashmir, territory that India claims. Almost no one expects this year's harsh words to escalate into military action, but the hostility is real. "China is trying to see how far India can be pushed," says Pushpita Das of the Institute for Defense Studies & Security Analyses in New Delhi.

China and India share a border 2,175 miles (3,500 km) long. On the Indian side, it runs from states in the northeast that are plagued by insurgency to the glaciers of Ladakh, on the edge of Kashmir. On the



Chinese side, the region is just as troubled, encompassing Tibet and Xinjiang, home of the Uighurs, some of whom clashed violently with Chinese earlier this year. India and China fought a brief war in 1962, when China captured territory in—for India—a mortifyingly rapid incursion. They skirmished again in 1967, but since 1993 the two countries have coexisted more or less peacefully along an undemarcated border. What's at stake now isn't territory so much

'It's a competition between two systems: chaotic, undergoverned India and orderly, overgoverned China.'

—MOHAN GURUSWAMY, A CO-AUTHOR OF CHASING THE DRAGON



Source: LandScan/UT-Battelle

conomic rivalry. That competition continues, with the U.S. trying to keep close ties to both sides in a difficult balancing act that may turn out to be the most important geopolitical challenge facing Washington this century.

The tiny Indian hill-station town of Tawang is the unlikely center of the current confrontation. It was there that Chinese troops entered India during the 1962 war, and ever since, Tawang has been the headquarters of an Indian-army brigade. The soldiers are hard to miss because they are so numerous—15,000 among a population of 80,000 in Tawang and the surrounding countryside. Chombay Kee, a youth activist in Tawang, says the army is a boon to local businesses. "When they go home on leave," he says, "they take back gifts from here."

Most of the time, the troops just busy themselves with field exercises in the local farms and orchards. But every so often, things heat up. This summer, China pressured the board of the Asian Development Bank to block a \$2.9 billion loan to India, arguing that part of the money would go to a flood-control project in Arunachal Pradesh. The governor of the state, a retired army general named J.J. Singh, then announced that India would deploy 50,000 more troops up there, though he tells *TIME* the additional troops were planned well before any hint of tension—and they haven't arrived yet. ("That's a future plan," Singh says.) With or without extra soldiers, India is watching the border. Singh says the Chinese army recently staged a massive training exercise in Tibet, with 50,000 personnel.

The military details obscure a more significant, if less glamorous, theater of conflict: infrastructure. It's telling that India has demanded that China cease work on the \$2 billion Kohala power plant in Pakistani Kashmir. (The 62-year dispute with Pakistan over Kashmir is as sensitive for India as Tibet is for China.) The plant is part of a systematic effort by China to assert its presence on the rim of the subcontinent, where India has long been the acknowledged superpower. In both Pakistan and Sri Lanka, the Chinese are funding new ports. The Chinese Foreign Minister visited Nepal last December to launch construction of a new highway connecting central Nepal to China, and soon after, China announced plans to extend a controversial railway to Tibet as far as the border with Nepal. India is countering: after Beijing agreed to develop a massive copper field in Afghanistan, New Delhi pledged more than \$1 billion in development aid to Kabul.

China's economy is more than twice the size of India's, and Indian officials are sensitive about the gap. When the two

armies hold twice-yearly meetings on the border in Arunachal, the Indian officers arrive in powerful four-wheel-drive vehicles, which are required for climbing the rough mountain roads on the Indian side of the border. Their Chinese counterparts cruise up the smooth highways on the other side in luxury sedans—a detail that Indian-army officers privately admit pains them. In 1962 it was China's superior roads and bridges that allowed its army to move into India so quickly, and the embarrassment continues to gnaw. Raji Nainwal, a student in 1962 and now a consultant on a hydro project in Uttarakhand—another border state—wonders, "Our dams are in the Himalayas. If China [is] able to intrude and blast one of [them], then what would happen?"

Of course, the geopolitical game has changed since 1962. China is now intimately connected to the U.S. economy and the holder of \$797 billion in Treasury securities. President Barack Obama has tried to set a conciliatory tone with the leaders in Beijing, agreeing not to meet the Dalai Lama, whom they detest, before an expected visit to China next month. At the same time, the U.S. is forging much closer military ties to India. Thanks to a monitoring agreement reached this year, U.S. defense contractors can sell technology freely to India. "India is probably the most important country internationally for us," says Garrett Mikita, president of defense and space at Honeywell Aerospace, who went to New Delhi recently to court Indian officials. The company is one of two firms bidding to replace the engines in India's 300 Jaguar fighter jets, a contract worth as much as \$5 billion. The engines are aging and would need to be replaced anyway, but Mikita says the recent tension with China has sped up the lengthy procurement process. "The timing of this has gotten more aggressive," he says.

Both sides will probably try to cool things down at the coming summit of Southeast Asian nations in Bangkok. Manmohan Singh and Chinese Premier Wen Jiabao are expected to meet on the margins of the meeting, although one conversation is unlikely to sort out their complicated history. Both countries are still absorbed in a game played in miniature: recently, for example, a Kashmiri student was given a Chinese visa that was stapled rather than pasted into his passport, an implicit questioning of Kashmir's status as a state of India. Indian authorities, Guruswamy says, then quietly suggested they might do the same for Tibetans. Sure, this is small stuff. But it could get bigger. And high in the Himalayas, soldiers continue their patrols. —WITH REPORTING BY P.P. SINGH/TAWANG ■

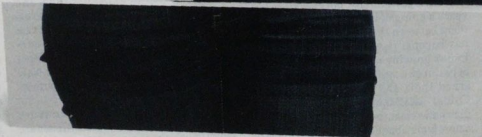
as influence and global status. China is an economic powerhouse, but ever since last year's signing of a civilian nuclear agreement between the U.S. and India, Beijing has become increasingly uneasy with India's growing clout. "It's a competition between two systems: chaotic, undergoverned India and orderly, overgoverned China," says Mohan Guruswamy, an Indian and a co-author of *Chasing the Dragon*, a new book about the two countries' eco-

BUSINESS

How Disney Builds Stars

The movies are tanking, the parks are weak, and ABC is hurting. But the company is being buoyed by its ability to grow teen talent

BY BELINDA LUSCOMBE



BRIDGIT MENDLER IS A WILLOWY, blond teen with a sweet singing voice and decent comic timing. She's also the show-biz equivalent of the next iPhone—a young Disney star-in-waiting. Mendler, 16, is getting the full Disney Channel rollout. Introduced with recurring guest spots on two of its hit shows, *Jonas* and *Wizards of Waverly Place*, she will star in her own series, *Good Luck Charlie*, in 2010. "I've been told to brace myself," says Mendler. "If we have the success I hope we have with the show, everything will change."

Mendler is following a path to fame the channel has mapped over the past three years as it has launched serial stars into orbit: the supernova Miley Cyrus in 2006, Selena Gomez in 2007, the Jonas Brothers in 2008 and Demi Lovato this year.

Each of these youngsters was given a TV show—the so-called zitcom—followed usually by a recording contract with Disney-owned Hollywood Records, songs in heavy rotation on Radio Disney and on Disney-movie sound tracks, a concert tour with Disney-owned Buena Vista Concerts and tie-in merchandise throughout the Disney stores. Miley & Co. are like modern Mouseketeers, but instead of M-I-C-K-E-Y, they spell C-A-S-H.

The Disney Teen Machine has become a finely tuned profit pump in an industry rife with unpredictability. The result is that Disney's cable networks represent the one slightly solid piece of earth among the entertainment giant's sinking properties. ABC is struggling, sales are way down at Disney's theme parks and stores, most of its non-Pixar movies have been wan performers, and revenue from DVDs is shriveling. The cable networks, which in addition to the Disney Channel include ESPN, ABC Family, Soapnet and Disney XD, brought in 26% of the company's \$26.3 billion in revenue and 58% of its \$4.8 billion in operating income during the nine months ending June 27. In the past three years, they have represented 80% of Disney's revenue growth.

ESPN does rule sports with ever higher-priced program rights, but as an incubator, Disney Channel is more important, a fact amply displayed by its *High School Musical* franchise. The channel made the original TV movie for about \$5 million. It took off, leading to a sequel, a sound-track album, a motion picture, books and video games. "So far, the franchise has generated \$150 million to \$200 million in operating income," estimates Barclays Capital analyst Anthony DiClemente. If the company leverages all aspects of the brand, he says, the ten franchises are a formidable force.

Disney's much admired ability to maximize profit from every pop-culture nugget

A Less Magic Kingdom

Shows like *Wizards of Waverly Place* (below) are helping cable channel operations (which include ESPN) hold steady while other Disney businesses sag



Division	Income	Operating (in millions)	'08-'09 change*
Cable networks		\$2,776	-4%
Consumer products	\$458		-19%
Parks and resorts	\$1,074		-28%
Interactive media	-\$181		-31%
Broadcasting	\$504		-45%
Studio entertainment	\$188		-81%

*Year to year, for nine months ending June 27

it creates—this is a company that made billions of dollars from movies based on Pirates of the Caribbean, a cheesy 10-minute boat ride—works only if it continues to create appealing characters and stories that it can cross-promote. When Gomez released her new album, *Kiss & Tell*, on Sept. 29, she celebrated with an appearance on ABC's *Dancing with the Stars*. She has a song that plays during the end credits of the first *Tinkerbell* DVD. While on hiatus from her show, *Wizards of Waverly Place*, she made a TV movie with Lovato, *Princess Protection Program*, that got decent ratings. Mike Tirico just can't pull off that stuff.

That's why the Disney Channel's ability to mint teen stars is so central to the company's future and why Rich Ross, former head of the Disney Channel, was recently tapped to replace longtime studio chief Dick Cook. In many ways, Ross ran his outfit like an old-school movie studio. The channel has always found young stars. Shia LaBeouf got his first break there, as did Hilary Duff and—way back in 1993—Britney Spears. But only in the past few years has Disney mastered how to hang on to them, to keep them from getting away like LaBeouf, tiring of Disney like Duff or being churned into tabloid chum like Spears. And only since *High School Musical* and *Hannah Montana* has it learned how to supersize them.

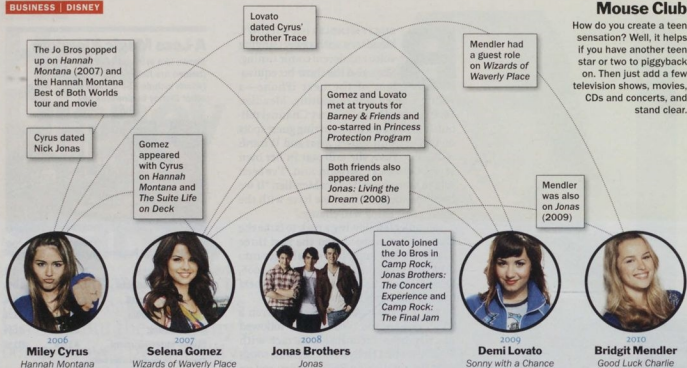
"As we've gotten smarter about how to build talent, we've created more opportunities for them within the company," says Gary Marsh, president of entertainment for Disney Channels Worldwide, who remembers walking Duff over to the music division and introducing her to Bob

Next year's model

A wholesome celebrity-academy graduate, Bridgit Mendler, 16, is the star of the next new Disney Channel sitcom

Mouse Club

How do you create a teen sensation? Well, it helps if you have another teen star or two to piggyback on. Then just add a few television shows, movies, CDs and concerts, and stand clear.



Cavallo, head of Hollywood Records. "For many people, TV is an endgame. For us, TV has simply become a launchpad to opportunities elsewhere in the company. By creating these opportunities, [we make sure] the talent is more interested in engaging longer with the company."

As launchpads go, a half-hour comedy is pretty economical. By the end of the first season of *Hannah Montana*, Cyrus was a star. Assuming the company spent about \$600,000 for each of the 26 episodes, it cost Disney about \$15.6 million to set her up. Three seasons, more than 8 million CDs, \$225 million worth of movie tickets, two concert tours, a best-selling memoir and 15 million *Hannah Montana* books later, says Disney, she's worth billions of dollars to the company. Of course, the channel reduced its risk considerably by casting the girl it wanted to develop into a famous pop singer in—um—a show about a girl who's a famous pop singer. *Jonas*, starring three real-life musical brothers, is about brothers who are rock stars. On Lovato's show, *Sonny with a Chance*, she's a Midwestern girl who gets to be on a TV show.

If that seems like a no-lose formula, it's worth remembering that one of the biggest entertainment corporations in the U.S. (2008 revenues: \$37.8 billion) is relying on teenagers for a major source of revenue. Even worse, on celebrity teenagers. They grow up, change their minds, get less cute, rebel, make choices their fans' parents don't approve of. (Seminaked *Vanity Fair* shoot, anyone?) They're on Twitter and Facebook. The opportunities for do-

ing something irresponsible are legion.

Disney Channel is taking extraordinary steps to make its modern Mouseketeers' stay at the Mouse House as long—and mutually enriching—as possible. Most recently, this includes instituting a Talent 101 seminar. Young actors whose shows have been filmed but not yet aired are required to attend Talent 101 with a parent. It includes instruction from security experts, media-relations consultants and psychologists. Mendler is one of its first graduates. "We learned how to answer questions from the media and how your family has to be your support," she says. "I was surprised at the amount of security some people recommend—to the degree where you don't even have a mailbox at your home."

Marsh says it's not deliberate, but the company also seems to minimize its exposure by casting the most gosh-darn wholesome teens it can find. The Jonases, Cyrus, Gomez and Lovato wear purity rings and talk about their Christian faith. "I don't know if they find them wearing the rings or if that becomes part of the image," says Frederick Levy, a manager of child actors and the author of the new book *Acting in Young Hollywood*. He notes that generally, children who are less jaded make better TV stars.

Not every young actor wants to be a cog in the Disney machine. It pays considerably less than the networks do and typically expects to monopolize an actor's time and talent for at least four TV seasons—14 to 18 years old seems to be the sweet spot. Still, the line of hopefuls shows no sign of dwindling. "Disney's an amazing cross-

promoter. You *will* become a teen star," says Levy. "Then you'll have to work twice as hard to prove you are more."

In fact, Disney's successful moves, along with similar ones by Nickelodeon, which is in the teen-star business too, have created something of a boomlet in the child-talent business. Big agencies such as CAA and William Morris Endeavor now have dedicated youth departments. "What used to happen is that we would find the talent, and there would be a feeding frenzy," says Marsh. "Now that we've shown these are potentially viable clients for them in the long term, talent agencies have become more aggressive in finding their talent before we do." And locating them, he says, is by far the hardest part. When Disney was looking for a young Latina star, Marsh says, he looked at thousands of kids and found one he wanted to pursue: Gomez.

Executives at Disney must know that its streak of luck with fresh faces can't last. For a start, there are not many genuine teen stars out there. Second, even two girls—Disney Channel's main consumers—can generate ardor for only so many other humans. The company has recently made moves to find story lines and characters elsewhere, paying \$4 billion to buy Marvel Entertainment merely to get access to some of its lesser superheroes. (The big ones, like Spider-Man, are already spoken for.) Comic-book characters can't give concerts or go to a meet-and-greet or record songs for Disney end credits. But at least Thor and Captain America won't be caught in compromising situations by a camera phone. ■

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Patients can experience negative side effects from drugs merely because they expect to

HEALTH, PAGE 59

Life

FOOD HEALTH POWER OF ONE



FOOD

Sweet Spot.

New data on how the least healthy cereals do the most marketing

BY BONNIE ROCHMAN

BEFORE FOOD POLITICS BECAME a Wikipedia entry and the title of a book, before anyone cared about trans fat or realized we were in the midst of a pediatric-obesity epidemic, Lucky Charms were simply magically delicious.

Now the cereal, along with other childhood favorites like Corn Pops and Cocoa Pebbles, is being labeled a public-health menace by Yale's Rudd Center for Food Policy and Obesity. The center is trying to expose the marketing tactics that make kids clamor for a sugary start to the day, crispy calorie bombs that are often low in fiber and high in junky carbohydrates. Rudd researchers just finished crunching Nielsen and comScore data—which track television and Internet marketing—to figure out exactly how much cereal advertising kids see. The result: obesity researchers for the first time have hard data proving that the least healthy

cereals are the ones marketed most aggressively to children.

This news arrives just as many of the cereals with the worst nutrition ratings are being adorned with the food industry's new SMART CHOICES label, a big check mark designed to assure consumers that a product is good for them. The label is being put on hundreds of items, from mayonnaise to ice cream, so why are the Rudd researchers so hopped up about cereal? Because it is more heavily advertised to kids than any other packaged-food category. And because cereals can qualify as SMART CHOICES even if they have 12 g of sugar—that's about three teaspoons—per serving.

The Rudd findings, which will be detailed at CerealFacts.org in time for the Obesity Society's annual meeting in Washington on Oct. 26, show that each year preschoolers (ages 2 to 5) see an average of 507 cereal ads that are designed to appeal to kids. The report also details how sugary-cereal makers are interacting with young consumers online through video games like *Lucky Charms Charmed Life* and *Cinnamon Toast Crunch Swirl*.

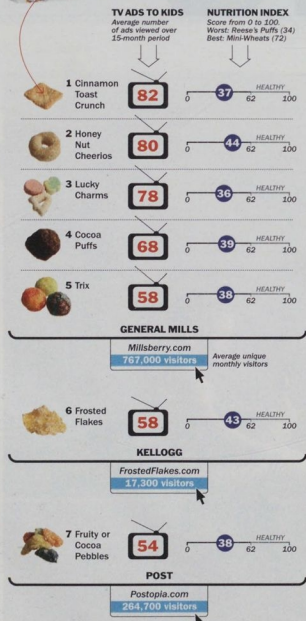
With more than 20 games, General Mills' popular Millsberry.com gets more than 750,000 unique visitors a month under age 18; the average youngster who uses the site visits 2.8 times a month and spends nearly 24 min. per session.

About a third of children in the U.S. are considered overweight or obese, and researchers believe television advertising is a significant contributing factor. A study in the July issue of *Health Psychology* showed that 7-to-11-year-old kids who watched a cartoon peppered with food commercials ate 45% more snacks while viewing the show than did kids who watched the same program without ads.

In the U.S., there are few restrictions on food ads, but that's not the case in the U.K., where

Targeting The Young

Cereals with the most TV advertising aimed at children are among the least healthy despite health claims on their boxes. They also have heavy traffic to their advertising websites



Ads viewed by kids 6-11 years old. Websites viewed by kids 2-17 years old. Both recorded from January 2008 to March 2009. Nutrition scores formulated by Oxford University scientists using ratings of sugar, fiber, sodium and other content. A score of 62 or over is considered healthy. Sources: Rudd Center for Food Policy and Obesity; Nielsen Co.; comScore Media Metrics

junk food can't be marketed on children's television. "There is only one [children's] cereal brand in the U.S. that would be allowed to be advertised on TV in the U.K., and that's Frosted Mini-Wheats because of the amount of fiber," says Jennifer Harris, who spearheaded the Rudd research.

Cereal makers have responded to the obesity crisis by reducing calories, fat and sugar and boosting fiber and vitamins. Twelve of some of the country's largest food players—including Kellogg, General Mills and Quaker's parent company, PepsiCo—have promised to market only "better for you" foods to kids under 12. Of course, companies decide what counts as "better for you," ensuring that their products meet the standards.

"I wouldn't say there isn't still room for improvement," says Elaine Kolish, director of the industry's Children's Food and Beverage Advertising Initiative. "Could the sugar be less? Yes, but it's better to be 12 grams instead of 13 or 14 or 15, and that's what the companies have moved away from."

They may need to do more of that kind of moving. On Oct. 15, Richard Blumenthal, Connecticut's attorney general, announced that he is launching an investigation into whether the SMART CHOICES label violates his state's consumer-protection laws. "What's so 'smart' about Froot Loops?" he asked at a press conference. If the label is found to be misleading, it will need to be changed, he said.

A spokeswoman for General Mills said the company declined to comment for this story, but Kellogg CEO David Mackay defends his firm's much maligned Froot Loops, noting that the cereal is a good source of vitamins A and C. And those 12 g of sugar? "Twelve grams of sugar is 50 calories," says Mackay. "A pre-sweetened cereal as part of a regular diet for kids is not a bad thing." But it's hard to argue that it's a good thing either. ■

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HEALTH

How a Sugar Pill Can Heal (or Hurt) You.

New research shows that the placebo effect isn't all in your head



BY JOHN CLOUD

DURING WORLD WAR II, battlefield nurses who ran out of painkillers sometimes used a trick to help wounded soldiers in agony: injecting them with saltwater and telling them it was a potent dose of morphine. Often, the soldiers' pain would vanish—at least temporarily.

The nurses weren't just tricking the soldiers. They were activating a placebo response. Scientists are coming to understand the placebo response as a cascade of neural reactions that not only provide psychological relief but also play a physiological role in blocking stress hormones that damage the body. In other words, simply thinking you will get better can actually make you better. In clinical trials, most drug responses are now assumed to be partly due to the placebo effect.

But the placebo (Latin for "I will please") has a flip side: the **nocebo** ("I will harm")

response, when patients experience negative side effects from drugs merely because they expect to.

In a new paper in the journal *Pain*, researchers found that clinical-trial participants reported a wide variety of nocebo complaints, including burning sensations, vomiting and even upper-respiratory-tract infections. Many participants reported these problems even when they were part of control groups that were taking a sugar pill. Other research has shown that when doctors tell patients a procedure will be painful, those patients report more pain than patients not similarly warned.

Exactly why placebo and nocebo responses arise is still a puzzle. But scientists hope to figure out how to harness the real health benefits of the placebo while somehow undermining the same expectation process that can lead to nocebo problems. Your mind can help heal your body, but it can hurt it too. ■

LEXICON

Nocebo effect
n.—The worsening of a patient's health due to the expectation that a drug will cause adverse side effects

USAGE: "She felt tired after taking the pill, but it was a **nocebo effect**; the drug doesn't cause fatigue."

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By assembling a corps of college volunteers, **Rebecca Onie** is helping physicians address the connection between health and poverty



BY GILBERT CRUZ

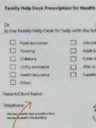
IT STARTED WITH A simple question: "If you had unlimited resources, what would you give your patients?" For Rebecca Onie, who asked this of physicians during her weekly visits to Boston Medical Center as a Harvard sophomore, the answers were illuminating. "I have a kid who comes in with an ear infection, and I prescribe antibiotics," says Onie, paraphrasing one of the doctors. "Meanwhile, the real issue is that there's no food at home, or the family is living in a car." It is that connection between health and poverty, all too often unaddressed, that pushed Onie to found Project Health.

The nonprofit places some 600 undergraduate volunteers a year in hospitals and community health centers, where they assist physicians who realize that their patients are grappling with such problems as hunger or homelessness. "The idea is that these factors should be treated like any

other clinical indicator," says Onie. "Access to food and access to housing are just as critical to a patient's health and likewise should be screened for as a standard part of every patient visit."

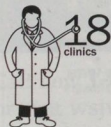
Doctors at participating clinics in six cities can write nonmedical prescriptions for assistance with utilities or other factors that may be underlying reasons for low-income patients' health problems. Patients then take their prescriptions to a Project Health desk, where a volunteer will help them find government or community resources (housing vouchers, child care, etc.). The process is meant to bridge what Onie calls an information gap, which exists both for patients who don't know where to go for help and for doctors who are equally clueless about where to send them.

Founded in 1996, the program now helps about 4,000 families a year in clinics where social workers are few or nonexistent. Says Onie: "We're an example of how a very simple solution can have a real impact on health." ■



Take two of these ...
The program lets doctors prescribe help for nonmedical needs

HOW PROJECT HEALTH WORKS



nonmedical help for

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children and adults a year whose health is affected by a lack of food, housing, etc.





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Like the cool, heady rush of a high-test energy drink—think Red Bull, Monster, Full Throttle—a series of jolts hit American car buyers in 2009, turning inertia into action and transforming showrooms into, well, showrooms again.

On the final day of July 2009, mere days into the U.S. government's "Cash for Clunkers" incentive program, the airwaves rippled with reports that the program had already run dry, that demand (clunkers) had outstripped supply (cash), and that a qualifying guzzler owner headed to a dealership that weekend would hit a dead end. Not exactly.

Pent up, fed up, screwed up—car buyers, dealers and government administrators experienced all those emotions and more as the program officially called the Car Allowance Rebate System (CARS) kick-started a vehicle-buying frenzy that would send shock waves from driveways to Capitol Hill, from dealer lots to Detroit, from junkyards to Wall Street, even to Asia.

Sure, dealers and bureaucrats clashed over process and procedure straight to and beyond the accelerated end point of CARS on Aug. 24, but the second injection of federal dollars (for a total of \$3 billion in clunker bucks) kept car buyers red hot through the dog days of summer. In all, close to 700,000 new cars were purchased as part of the program during its month-long lifespan. U.S. Transportation Secretary Ray LaHood called it the "best economic news story in America," while President Barack Obama declared the program "successful beyond anybody's imagination."

George P. Fritz, who runs the Red River Motor Co., a Chevrolet dealership in Bossier City, La., and was named the 2009 TIME Dealer of the Year, credits the clunkers program for getting the country in the car-buying mood again, whether or not you owned a qualifying guzzler. "Cash for Clunkers had a ripple effect; we sold a lot to people who did not qualify [with cars getting 18 m.p.g. or less]," he says, adding, "Before, people were saying, 'Times are tough; we can't be

buying a car. We should be hunkering down and saving.' But this got people thinking about buying vehicles again. It finally became okay to buy a new car."

"Our experience at all my dealerships was fantastic—domestic and import—we sold a lot of cars," says David Sickle, who runs several dealerships in New Jersey and was a finalist for TIME Dealer of the Year in '09. "It created a lot of enthusiasm among customers and our own people. But I don't know about its long-term effect on getting the public to continue buying cars."

With total auto sales for August (1,261,977 cars and pickup trucks) the highest since May 2008, up 1% from the same month a year ago and up 26% from July, by late summer manufacturers were announcing plans to significantly boost production of cars by the end of the year—with some already having begun to increase output—an unthinkable development just last spring. For example, Ford plans to produce 570,000 vehicles in the fourth quarter, a 33% increase over year-ago levels and 15% above planned third-quarter 2009 levels. The increase represents higher production across a range of cars, crossovers and trucks.

Crediting the summer of clunkers, LaHood boasted, "Manufacturing plants have added shifts and recalled workers. Moribund showrooms were brought back to life, and consumers bought fuel-efficient cars that will save them money and improve the environment." Heck, by late summer, even Russia was getting on the cash-for-clunkers bandwagon, announcing plans for a similar program in that country for 2010. *Spasibo!*

UNITED STATES OF STIMULUS

In-cen-tive: *n. Something, such as the fear of punishment or the expectation of reward, that induces action or motivates effort.*

When it comes to new car incentives, the only thing to fear, it seems, is figuring out whether you qualify or not to get the reward. Lose a job? Bingo! Own a guzzler getting 18 m.p.g. or less? Congrats! Serve in the Army? Sir, yes, sir! Unhappy



2,000,000

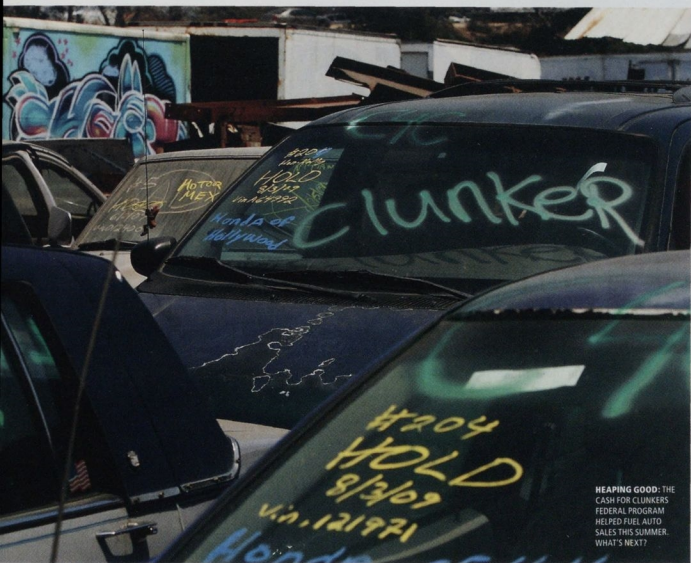
U.S. vehicles sold in August and September (estimate)

\$4,500

Maximum Cash for Clunkers federal incentive

0%

Financing being offered by some automakers



HEAVING GOOD: THE CASH FOR CLUNKERS FEDERAL PROGRAM HELPED FUEL AUTO SALES THIS SUMMER. WHAT'S NEXT?

with your purchase? No problem!

That's because Cash for Clunkers isn't the only booster shot that got America buying cars again. Everywhere you look, truly creative deals and incentives keep popping up, and that's on top of overall improved vehicle quality and fuel efficiency and a much needed loosening of credit. Add sales-hungry dealerships doing all they can to woo customers in an era of economic crisis, and the marketplace was ready to catch fire.

"In my lifetime, I have never seen incentives like this available for new car and truck buyers. Now is an incredible

time to buy a new car," said John McElene, a multifranchise dealer from Iowa and chairman of the National Automobile Dealers Association (NADA). "The federal incentive of up to \$4,500, coupled with automaker rebates and the auto-sales-tax deduction, put a new vehicle within reach for many American families."

Sprouting like air-cannon T-shirts at minor league baseball games, the new-car incentives of 2009 have helped feed the frenzy. The degree and diversity of incentives this year are unprecedented—ranging from manufacturer peace-of-mind purchase plans that cover monthly

payments for a period if you lose your job (in some cases, they'll even let you return your new car) to IRS clean-car, green-car tax credits. How about a year's worth of discounted gasoline? You got it. Employee pricing? Check. Then there are 0% financing, outright rebates, tax deductions and last-minute dealership bargaining. And if you happen to be active-duty or retired U.S. military, look for cash and service incentives—like Ford's "Military Appreciation Bonus Cash" offer of \$750.

What might keep the excitement going? Well, at press time, General Motors caught everyone's attention with its

Larger St Smaller F

Chevy Tahoe Hybrid. The most fuel-efficient full-size SUV.* And that's no small feat. With our 60-Day Satisfaction Guarantee,** if you don't absolutely love it, return it. Simple as that. As always, you also get our 100,000-Mile/5-Year Transferable Powertrain Warranty.† With roadside assistance and courtesy transportation, it's the best coverage in America. For complete details and limitations, visit chevy.com/guarantee.



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*Based on GM Large Utility segment. EPA-est. 21 mpg city, 22 hwy. Excludes other GM vehicles.

**Leases not included. Return between 30 and 60 days with less than 4,000 miles. Not available with some other offers. Other restrictions apply. Take delivery by 11/30/09. Excludes medium-duty trucks.

†Whichever comes first. See dealer for limited warranty details.

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The Art of the Dealer: Community Service 101

Doing good is good business, or so they say in these days of corporate social responsibility. But one car dealer is proof positive. "We've been profitable throughout the economic downturn," says George P. Fritze, of Bossier City, La., the 2009 TIME Dealer of the Year, an honor bestowed both for his business acumen and his



service to his community. Indeed, Fritze believes much of his dealership success stems from his commitment to community. On May 14, he received a commendation from the Louisiana legislature in recognition of his having been named TIME Dealer of the Year in January, and he has a picture of himself with Governor Bobby Jindal to prove it.

In July, the fundraising arm of Louisiana State University in Shreveport named Fritze to its board of directors. More recently, Fritze also joined the board of the Robinson Film Center of Louisiana. His staunch support of the local arts scene and a whole lot more is certainly worthy of commendation. At Fritze's Red River Motor Co., good deeds and good deals do go hand in hand. •

bold, new "60-day Satisfaction Guarantee" offer—keep your new Chevy, Buick, GMC or Cadillac for 30 days, and if you aren't 100% happy with it, you have 30 more days to return it and get your money back. "We're putting our money where our mouth is," says new GM chairman Ed Whitacre in television commercials announcing the refund plan, adding, "May the best car win." "I think it's a fantastic program," said New Jersey dealer Sickel, who sells Chevys among other brands, as he prepared for another wave of showroom traffic in this new era of stimulus and incentive.

TO BUY OR LEASE?

It's an age-old dilemma. Like choosing to own or rent your home, determining whether to buy or lease your next new car can cause decision-making paralysis or a pure paroxysm of rage. Take heart. Weighing the options—especially during times of economic uncertainty—is the smart thing to do. Because leasing generally offers lower interest rates than car loans, the first step is to determine how much cash on hand, or trade-in value, you can afford toward a down payment on a purchase.

Then ask yourself key questions: How's

my credit rating? What kind of monthly payments can I afford? If you choose to lease (usually a two- to four-year commitment), you can pretty much forget about customizing your car. If you can afford to buy, but don't want to make a large investment, leasing might be a wiser choice. There are lots of online auto-loan calculators—e.g., Edmunds.com or Bankrate.com—to help you make that assessment. After all, nothing beats the joy of cruising behind the wheel of your own car. And this year, Uncle Sam, carmakers and auto dealers have all shifted gears to help you realize that dream. •



SPEED DATING

You've searched the Web, clipped newspaper listings, made peace with your bank account and have a pretty good sense of what you want to buy. Now it's time to head to the dealership for a test drive, so use these tips.

1 Make sure any significant other gets behind the wheel and drives. Sight lines and feel can be right for you, but if you'll share this vehicle, share the test experience.

2 Take your time and mix it up—even a clunker can ride like a dream down the straight and narrow, so accelerate up a hill and onto a straightaway.

3 Consider life changes that lie ahead. Are children in your future? Golf excursions? Check the seating and pop the trunk to see if it has the room to suit your needs.

Test the internal controls and move the seats to see if you are comfortable. Now ask all the tough questions and consummate the purchase. Many happy returns. •



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FACT:

An independent study showed Ford beats Honda overall in quality, and is equal to Toyota.* Our goal is to be the best in the world, bar none.



FACT:

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FACT:

Since America's National Highway Traffic Safety Administration (NHTSA) instituted its star safety-rating system, Ford Motor Company has earned more five-star test ratings than any other car company.† Ford vehicles with five-star ratings include Fusion, Focus, Mustang, Edge, Escape, Explorer, Flex and F-150.



FACT:

SYNC® — an industry first — has changed the way people interact with their vehicles. Drivers use voice commands to operate virtually any MP3 player and Bluetooth®-enabled device, so they can keep their hands on the wheel and their eyes on the road.††



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Drive green.



Drive safe.



Drive smart.



Drive one.

To find out more, visit thefordstory.com

*Based on J.D. Power's QDRS surveys conducted 2/09 and 5/09 of Ford and competitive model owners at three months of ownership. **EPA-estimated 17 city/25 hwy mpg, EcoBoost AWD (Taurus SHO/MKS); EPA-estimated 16 city/22 hwy mpg, EcoBoost AWD (Flex/MKT). †Historic totals include all manufacturers' entities. Star ratings are part of the U.S. Department of Transportation's safecar.gov program (www.safercar.gov). ††Driving while distracted can result in loss of vehicle control. Only use mobile phones and other devices, even with voice commands, when it is safe to do so. The Bluetooth word mark is a trademark of the Bluetooth SIG, Inc.



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TIPS FROM THE EXPERTS:

Technology

"Businesspeople shouldn't have to reinvent the office on the road," says **Jeff Zbar**, an online columnist and founder of the website www.chiefhomeofficer.com. "They can simply plan ahead and create a mobile workplace that suits their needs." Zbar offers road warriors the following tips for balancing their professional and personal lives.

Create a travel kit. Keep your various travel computer accessories—such as USB flash drive and hub, cable lock, extra phone battery, power strip, VoIP (Voice Over Internet Protocol) headset, and webcam—in one place or kit. When you're ready to hit the road, grab the kit and you're good to go.

Practice logging in, and on. Don't try logging on to the corporate server or logging in to your remote accounts for the first time once you're on the road. Practice remote data access from the stress-free environment of your home.

Have IT on standby. Information technology people are your lifeline if you run into connection issues on the road. Keep corporate IT Help Desk and support names and numbers handy.

Work smart. Stay in hotels that provide fax, copy and print services, as well as free Internet and an in-room work space.

Keep a neat desk. Straighten up things at the office before leaving on an extended trip. An organized desk will help co-workers find files or documents that you—or they—might need while you're away.

Schedule time to stay in touch.

Chasing down your staff or keeping in touch with family members can be challenging if everyone's on different schedules or time zones. Before departing, set up call-in times. Alternatively, start or end the day with e-mail updates.



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fanfare, the four Benetton siblings, who started out in the 1950s making sweaters on their kitchen table with a borrowed knitting machine, have been engineering what is perhaps the hardest task facing any successful family business: passing the torch to the next generation.

Luciano, Carlo, Gilberto and Giuliana

Go green Benetton has opened 95 new stores in India, including this one in Bangalore



TOOLS FOR STAYING CONNECTED

In his online columns and websites, www.homeofficehighway.com and www.chiefhomeofficer.com, Jeff Zbar showcases technology, systems and applications to help business travelers maintain productivity when not in their home or corporate offices. Below are his picks of the latest tools for staying connected and effective.

1 DITCH THE LUGGABLES. Netbooks, tablets, and smaller laptops make computer portability a reality. Pint-sized but packed with some computing punch and longer battery life than larger laptops, they empower remote computing with no-wires freedom.

2 FIND THAT Wi-Fi. Find hotspots (places where Wi-Fi is available) without pulling out and powering up the laptop. Hotspot detectors are thumb-sized devices that can identify where Wi-Fi service is available.

3 WORK IN THE CLOUD. "Cloud computing" refers to any application or data that is hosted online and accessible securely via the Internet. From web mail to social media sites to personal or business files or financial data stored on the web, working in the "Cloud" means never needing to carry data on the road.

4 USE ONLINE BACKUP. Back up your desktop data with online data backup and recovery services, and access those files from any Internet-connected PC. This way, you can leave the flash drive at home and know your data's accessible and secure.

5 SECURE YOUR STUFF. Threats abound. Strengthen your defenses. Turn off the laptop's wireless adapter when not in use. Use cable locks and motion sensors to protect it—and software to track it if stolen. Keep anti-virus software up-to-date, and firewalls running to secure your computer from online threats.

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balanced and thrive on the road,
visit masterthelongtrip.com



Global Business



RETAILING

Benetton's Bold Strategy. With the second generation in charge, the firm is bent on expanding despite the recession

BY PETER GUMBEL

MENTION THE NAME BENETTON TO PEOPLE over the age of 35, and chances are they'll remember shelves filled with brightly colored knitwear and, just as likely, some of the controversies over the brand's provocative advertising campaigns in the 1980s and '90s.

In fashion terms, that was light-years ago. These days, upstart brands such as Zara

and H&M are stealing the headlines—and the allegiance of many younger shoppers—as they storm the world from Moscow to Manila. But Benetton, which had sales last year of about \$3 billion, hasn't gone away. The ads for its United Colors of Benetton stores are tamer and its growth is less stellar, but even in middle age—the brand turned 43 this year—Benetton is proving itself to be a case study in business management. For behind the scenes and without

fanfare, the four Benetton siblings, who started out in the 1950s making sweaters on their kitchen table with a borrowed knitting machine, have been engineering what is perhaps the hardest task facing any successful family business: passing the torch to the next generation.

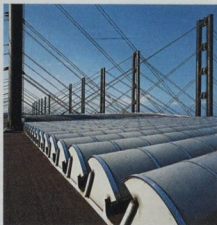
Luciano, Carlo, Gilberto and Giuliana

Go green Benetton has opened 95 new stores in India, including this one in Bangalore



Knit happens

A seamless sweater is woven at a Benetton production plant, left. The family started the company at the kitchen table using a borrowed knitting machine. Today, Benetton produces more than 150 million garments a year, 20 million of which are handled at its distribution hub in Castrette, Italy, below



Benetton several years ago handed over day-to-day operations of Benetton Group, the apparel company they built from scratch, to professional, nonfamily managers. Earlier this year, they went a big step further by putting the finishing touches on a family-ownership structure that divides their combined assets into four equal sets of shareholdings. This new structure clearly indicates the lines of succession and lays down rules for family members who in the future may want to divest. Four of the 14 children, one per founding sibling, are now on the board of the family holding company, called Edizione. Only one of the four has an operational role: Alessandro Benetton, 45, the eldest son of Luciano, himself the eldest of the founders. For the past two years, Alessandro has served as Benetton Group's executive vice chairman, overseeing top management and strategy.

Putting Alessandro at the helm of the family's original business wasn't some dynastic reflex—he had to earn it. A graduate of Harvard Business School who spent several years at Goldman Sachs, he founded and grew a private-equity firm specializing in midsize Italian companies; its holdings currently total about \$1.4 billion. Ending

up at the family firm “was completely unexpected,” he tells *TIME* in a rare interview. When he was a young man, there was never pressure on him to get involved; the unwritten rule was only that whatever he did, he should do it well. “Implicitly, we would live our own lives,” he says. “If I went down the road and saw a Benetton store, it wasn't like I would say, Oh, that's mine. It was more like, Let's see if the windows are clean.”

Generational shifts in family businesses are notoriously tricky. A rule of thumb is that only 1 in 3 family firms survives the transition from the founding generation to the next, and only 1 in 10 successfully makes the jump from the second to the third generation. The more numerous and distant the cousins involved, the harder the task of keeping them all in line—although sometimes the biggest problems come from the closest relatives. In India, brothers Mukesh and Anil Ambani, who split their father's business empire, have made

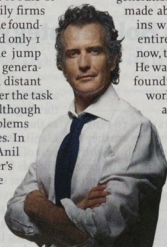
headlines for months with their sibling rivalry. In Germany, one of the most contentious business stories of the past year involved a feud between the two branches of the family that owns Porsche.

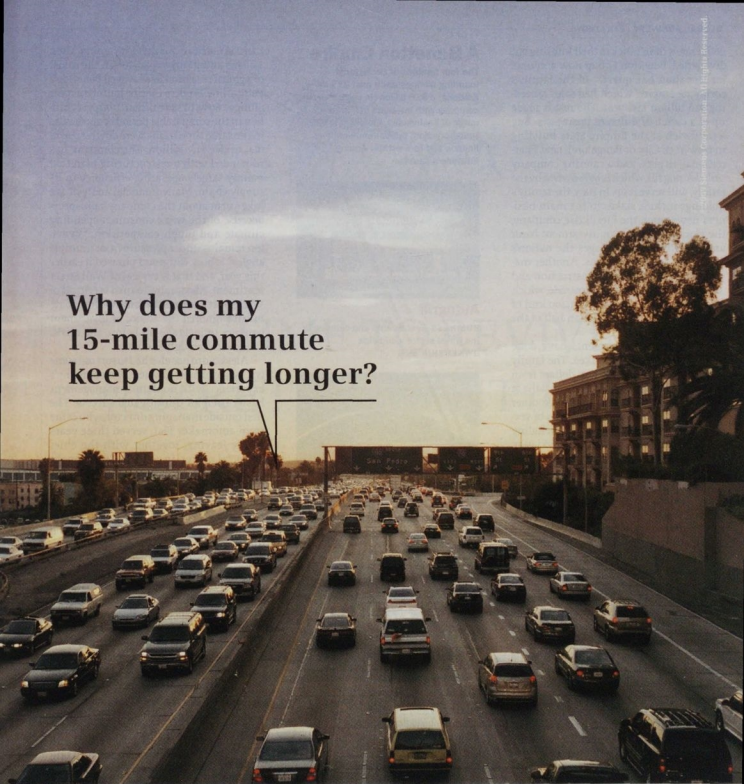
In the northern Italian town of Ponzano, where Benetton is based, a half-hour drive from Venice, discussion of the family and the roles played by individual members is treated with great delicacy. Executives there stress that even though Alessandro is the most prominent member of the next

generation, no decision has been made about which of the cousins will end up running the entire family holdings. For now, that's still Gilberto's role. He was the finance man of the founding generation, which worked brilliantly together as a team. Giuliana was responsible for the clothes, Carlo was in charge of production, and Luciano, who posed naked in one ad, was the company's highly public face.

As they grew rich on sweaters, the founders

Heir apparel Alessandro Benetton has taken the reins from his father Luciano





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deliberately didn't stick to their knitting but diversified. Benetton Group now accounts for less than one-quarter of the family's corporate empire, which had sales exceeding \$16 billion last year. The rest is made up of a clutch of different businesses. Buy a sandwich at the Empire State Building in New York City or Bangalore's new international airport, and a catering company called Autogrill, which is 59% owned by the family, will serve it up. In Italy, the family's holdings include stakes in the main business newspaper, the Pirelli tire company, the Florence airport, an investment bank and the firm that manages the nation's 13 biggest railroad stations. Another major asset is the highway-construction and management company Autostrade, which runs more than 2,100 miles (3,400 km) of toll roads, including the Italian half of the Mont Blanc Tunnel.

Some of the investments have done very well; others have tanked. The family lost several hundred million dollars from an ill-timed investment in Telecom Italia at the height of the Internet bubble. Another costly mistake was the acquisition of several sporting-goods companies, including Prince tennis rackets and Nordica ski gear, which have since been sold.

Benetton Group has its ups and downs too. It still makes sweaters, but it also has greatly expanded its product offerings to include a wide range of apparel, as well as new brands such as fashion-forward Sisley and the leisure-wear brand Playlife. Now that he is in charge of the group, Alessandro has his hands full. The challenge today is to restore some of Benetton's luster and take the company global far more aggressively. Italy still accounts for 46% of sales—Europe overall accounts for 80%—at a time of sluggish economic growth and ferocious competition on its home turf from fast-fashion rivals.

One of Alessandro's priorities has been to push Benetton more deeply into international markets with the help of strong local partnerships. In India he signed a deal with the Tata Group, the country's largest conglomerate, which will open and manage Sisley stores; in the first half of this year, Benetton opened 95 new India outlets, despite the economic crisis. In Mexico the partner is the billionaire Carlos Slim and his Sears Mexico group. Under a deal signed last year, Benetton aims to open 250 new stand-alone outlets and boutiques in Sears stores in Mexico. Alessandro is also targeting other Latin American countries, as well as Turkey, Russia and China, as significant sources of growth. Conspicuously missing on this list is the U.S.; Benetton recently moved its U.S. headquarters from New York City to Miami to be closer to the

A Benetton Empire

The four families of Benetton's founding siblings each own 25% of Edizione, a \$16 billion (in sales) holding company with interests in a broad range of businesses, including retail, transportation, telecommunications, finance and real estate. Among Edizione's assets:



Autogrill

BUSINESS Restaurants and catering in the travel sector worldwide
OWNERSHIP 59%



Autostrade per l'Italia

BUSINESS Highway construction and toll-road management
OWNERSHIP 30%



Telecom Italia

BUSINESS Italy's largest telecommunications company
OWNERSHIP 2%



Aeroporti di Roma

BUSINESS Running Rome's Leonardo da Vinci and Ciampino airports
OWNERSHIP 30%

Latin American markets it's going after.

This ambitious expansion in the midst of a global recession has ravaged Benetton's bottom line. Profit in the first half of this year plunged 60%, to \$42 million, from \$115 million in the comparable period of 2008; sales in the same time frame were down 11%, to just under \$1.3 billion. The company has responded with a restructuring plan that mainly targets operating efficiency in its supply chain. Many financial analysts are lukewarm about the company's prospects because of the weak consumer-spending climate and tough competition. "Benetton remains under pressure from multiple angles" is how Citigroup phrased it earlier this year, and that is typical of Wall Street sentiment. Alessandro in turn is critical of Wall Street and says the family is fortunate to have ignored the advice of investment bankers to leverage up before the crisis. Credit is much tighter now.

Alessandro has also had to sort out some tricky governance issues. The company's experience with nonfamily management hasn't been an unmitigated success. The first outside managing director, who came from automaker Fiat, served three years before leaving, together with the chief financial officer, in 2006. A CFO brought in from Burberry lasted just 21 months. As well as assembling a new management team, Alessandro has sought to delineate more clearly the roles played by the family and management. The new managing director, Gerolamo Caccia Dominioni, comes from Warner Music, while the current CFO, Alberto Nathansohn, jumped this year from luxury jeweler Bulgari.

Alessandro has already proved his abilities at the private-equity firm he founded, and Michael Porter, a Harvard Business School professor whom Alessandro describes as a mentor, says he thinks very highly of him. "He is a strategic thinker who has kept improving his skills as a manager and leader," Porter says.

The key to the future, Alessandro says, is for Benetton to keep investing—but also to retain its strong entrepreneurial culture. Ask him about strategy and he'll talk about changes—but he always comes back to the idea of continuity. "Many people think that the way to start is by listing the things you want to change. My approach is to start from the list of things I thought it would be a big mistake to change," he says. He is, after all, a Benetton. As he says of his ascent to prominence, "I love to describe this as a different chapter of the same book." One that, his shareholders and cousins hope, will have a happier ending than those of many other family empires that ran into trouble when the new generation took over. ■



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Arts



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BOOKS

Beach Boys. The first comprehensive history of D-day in two decades sheds new light on the cost of an immortal victory

BY LEV GROSSMAN



EARLY ON THE MORNING OF June 6, 1944, a cluster of ships huddled 5,000 yards off the inviting stretch of French coastline between Vierville-sur-Mer and Ste.-Honorine-des-Pertes, which for the purposes of that day had been rechristened Omaha Beach. On board were two companies from the

741st Tank Battalion of the U.S. Army. They were facing the uninviting task of driving their tanks to the shore.

The tanks were DD (for duplex-drive) Shermans, improbable vehicles specially rigged with flotation devices and propellers. They looked as weird as their descriptions sound. They floated, barely, but the sea that morning was heavier than it had been during training, and 5,000 yards turned out to be too far. Twenty-

seven of the 32 DD Shermans sank. (You can hear Tom Hanks yelling about this in the opening scene of *Saving Private Ryan*: "We got no DD tanks on the beach!") Of the five tanks that survived, three made it because their launching mechanisms had jammed and they were dropped directly onshore. In all, 33 men drowned.

Arrival The first wave of U.S. troops wades ashore on Omaha Beach at dawn



War and peace The shattered ruins of Caen, a strategically crucial city, left; an American soldier gets a kiss following D-day. Bad as the beach landings were, there was even worse to come.

The Allied commanders knew Omaha would be the hardest beach to take on D-day. Its gentle curve and imposing bluffs made it a natural killing ground. But even so, the lack of foresight seems breathtaking. Bombers were supposed to have softened up the German defenses, but they released their payloads too late—they were worried about hitting the landing parties—and missed the bunkers completely. Rockets were supposed to pound the beach from offshore, but they fell short. The German defenses were practically untouched. “All it’s done is wake them up!” one officer remarked. That the assault on Omaha succeeded is due partly to shelling from nearby destroyers but mostly to the courage and determination of the infantry. That’s one of the lessons of Antony Beevor’s glorious, horrifying *D-Day* (Viking; 592 pages): the purpose of valor is usually to make up for somebody else’s stupidity.

D-Day is the first comprehensive account of this vast operation in 20 years. It’s an imposing volume: Beevor, author of *The Fall of Berlin 1945* and *Stalingrad*, deftly marshals vast tranches of information with his customary unflappability. Just crossing the English Channel involved assembling almost 5,000 vessels, the largest

fleet in history. Although Beevor had access to a great deal of new material, there are no major revelations in *D-Day*. But it contains some surprises.

Most of the new sources are letters and journals written by soldiers, and they yield hundreds of shockingly vivid vignettes from the beaches and trenches. You won’t soon forget the account of Bill Millin, bagpiper for the 1st Special Service Brigade of the British Army, who had to march out of the surf onto Sword Beach under rifle and mortar fire playing “Highland Laddie.” And Beevor focuses on things other writers have neglected. For example, he doesn’t gloss over the hideous costs paid by French civilians. The Allies, before liberating them, bombed them relentlessly in an attempt to paralyze the German army. Three thousand French civilians died during the first 24 hours of D-day. That’s twice the number of American soldiers who died.

Three thousand French civilians died during the first 24 hours of D-day. That’s twice the number of American soldiers

Beevor also gives considerable weight—two-thirds of the book—to the bloody fighting that took place in the weeks following D-day. Bad as the beach landings were, there was even worse to come.

The Days After

IN A LOT OF WAYS, THE DECK WAS STACKED in favor of the Allies. They had the advantage in numbers in every category—land, sea and air—while the Germans were badly depleted by the war on the Eastern front. The Germans were also hamstrung by their unbelievably byzantine and incoherent command structure—*Untersturmführers* and *Obergruppenführers* are thick on the ground in *D-Day*—which had a delusional Hitler at its apex.

But the Germans had better weaponry, and the weather was on their side: shortly after the landings, the Channel was scourged by its worst storm in 40 years, which slowed the Allied buildup. The terrain was also on their side: the towering Norman hedgerows, part of a topographical oddity known as the bocage, were so tall and thick, they could and literally did stop Sherman tanks.

On top of it all, many of the German soldiers truly believed that the very existence of Germany—and therefore civilization itself—was at stake, and they fought with

fanatic zeal. Unable to land a decisive blow, the two sides settled into a ghastly war of attrition that ate men and machines while giving back little in the way of actual territorial gains.

The image of close combat in the verdant, achingly fertile French countryside seems fantastical now, like something out of *The Lord of the Rings*, so accustomed are we to watching dusty urban combat on CNN. Surgeons disinfected wounds with Calvados. Unmilked cows wandered bellowing through the ruins of ancient châteaux. Artillery crews learned to fire airbursts into the thick tops of chestnut trees to kill those underneath with splinters.

Beevor is a skillful guide through the complex jockeying for position, sketching thumbnail portraits of the senior officers with novelistic abandon. (Of the senior British commander, the exasperating Sir Bernard Montgomery, he writes, "His self-regard was almost comical.") He is willing to be graphic, though never gratuitously so, in his descriptions of battle. Maybe the most horrific weapon on the battlefield was the white phosphorus the Allies carried. During the bitter fighting for Hill 112, an English soldier tried to slip through barbed wire under machine-gun fire. A round clipped a phosphorus grenade in his pouch and ignited it. Writhe and burning, he became entangled in the wire and hung there, begging for death, until one of his comrades finally shot him out of compassion. After scenes like this, even the chaotic, bacchanalian liberation of Paris comes as an anticlimax.

Beevor is not a writer much given to profound reflection. His big-picture take on D-day could be summed up as, It could have gone better, but it's amazing that they did it at all. Yet with its rigorous research and its wealth of human detail, *D-Day* is a vibrant work of history that honors the sacrifice of tens of thousands of men and women. Which is serious praise.

It's also the story of the destructive arrival of the modern age in Europe. The armies that rolled through Normandy obliterated an ancient land and way of life that would be rebuilt but never restored. At one point, Beevor describes the astonishment of an old Benedictine nun emerging from her convent during the evacuation of Caen: she had never seen a truck before. It took a world war to chivy out the last vestiges of the 19th century from where they still lived, peacefully sequestered in the bocage, and expunge them forever. The Germans and the Allies would eventually leave Normandy, when the fighting was over. But the new era they brought with them never would. ■

MOVIES

Lost at Sea. Mira Nair's portrait of Amelia Earhart captures the details but misses the life

BY MARY POLS

IN MIRA NAIR'S PRETTY BUT DISAPPOINTING biopic *Amelia*, there's a scene in which Amelia Earhart (Hilary Swank) laments the shallow nature of the two questions repeatedly posed by her adoring public. It's not long after the 1928 transatlantic flight that made her a household name, and she says all anyone wants to know is "Where are you going next?" and "What did you wear?"

It's a gentle lament, because the Earhart brought to the screen by Nair and Swank is a gracious lady, magnanimous and humble. She quotes Carl Sandburg, takes care to enthusiastically greet the little people while making history—"Well, hello, sheep!" she says, descending from the cockpit in an Irish meadow—and, above all, beams beatifically at the world at large.

But the same complaint about superficiality can be lodged against *Amelia*. We learn a lot about where Earhart went and what she wore—behold the sumptuous caramel-colored leather jumpsuit! But the woman herself remains tantalizingly out of our grasp, and not just because she, her navigator and their plane vanished over the Pacific Ocean on July 2, 1937, leaving no trace

but spurring hundreds of theories about their fate. The movie dutifully covers the high points and a few details you didn't learn in grade school—including Earhart's great passion for Gore Vidal's father and how much of her celebrity was contrived and manipulated—but it leaves the odd impression of being merely a very long trailer for a film you'd actually love to see.

Part of that problem lies with Swank. She is undeniably the most physically right American actress to play Earhart. Everything about her looks the part: the tousled hair, the toothy smile, that slim but womanly physique. Swank could have been handed a leather jacket and stepped right into the cockpit—although the painted-on freckles are a nice touch—and this intense resemblance unfairly vests us in the notion that Earhart will spring to life onscreen.

Instead, you see the reanimation of various well-known images—like Earhart standing on the wing of her plane—by an actress giving a very studied and careful but wooden performance. Screenwriters Ron Bass and Anna Hamilton Phelan (*Gorillas in the Mist*) appear to have gobbled up every quotable line ever attributed to Earhart and then regurgitated it into a script. The results may be mostly



Dressed to fly Swank looks the part but delivers a studied, stiff performance



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A tradition of being non-traditional.

accurate (both *East to the Dawn*, Susan Butler's 1997 biography, and Mary S. Lovell's earlier *The Sound of Wings* are credited as the basis for the screenplay), but they veer between the stilted and the cheesy.

"Why does a man ride a horse?" Earhart responds when George Putnam (Richard Gere)—her future manager, publisher and husband—asks why she wants to fly. When he first proposes marriage, she demurs, telling him, "I want to be free, George, to be a vagabond of the air." To a bleary-eyed pilot who questions her decision to take to the skies in dicey weather, she says, "I'm as serious as you are hungover." Earhart may well have said all these things, but you wish the filmmakers had been bold enough to let their heroine sound like a real person now and again. Surely on one of those long flights, Earhart whined at least once about having to urinate through a funnel. The closest she comes to complaining is when Putnam is renting her out to sell every-

thing from luggage to waffle irons, a zippy little montage that reminds you how much fun Nair (*Monsoon Wedding*, *The Namesake*) can have behind the camera.

Ghosts of Aviation

AND WHAT POTENTIAL FOR HUMANIZING material there is in Earhart's unconventional love life. On her wedding day, she gave Putnam a letter that included this line, reprinted in *East to the Dawn*: "I shall not hold you to any medieval code of faithfulness to me, nor shall I consider myself bound to you similarly." In the movie, she writes with the groom snoozing behind her, then reads it out loud. Languishing against the pillows, hand over eyes, Putnam mutters that such brutal words are tolerable only coming from her. Gere struggles to sell the melodrama, and we struggle to buy the logic. Why did she say yes again?

Then there's her friendship and apparent long-standing affair with Gene Vidal (Ewan McGregor), a West Point flying instructor who became head of the aeronautics branch of the Department of Commerce during the Roosevelt Administration, thanks largely to Earhart's advocacy with Eleanor Roosevelt (a jolly Cherry Jones). Gore Vidal, a child at the time, confirmed to Butler much of the relationship, sharing details like Earhart's

habit of wearing Gene's underwear while aloft (helpful with that midair funnel). With tidbits like this, who needs flashbacks to ticker-tape parades? But both romances are bloodless. Even when Earhart breaks up with Vidal (which she may not have done in real life), it's about as heated as a tussle over the last cucumber sandwich. The movie insists that Earhart make peace with her marriage before going off to die, as if we wouldn't be able to mourn the demise of an active adulterer. Even this most unconventional of heroines has to be conventional in the end.

Sensibly, the screenwriters and Nair aren't coy about Earhart's likely fate. There are no absurd conspiracy theories involving the Japanese or suggestions of her making safe landing on some deserted island—just communication blunders and furrowed brows (a Swank specialty), and then she and the plane are gone, vanished in the typical way of small planes running out of fuel over a vast ocean. It's not even particularly sad until Nair rolls the documentary footage of the real Earhart. There, grainy and distant, is the "ghost of aviation," as Joni Mitchell called her in the 1976 song "Amelia." Earhart still has the power to haunt us, even after, as Mitchell imagined it, her life became a travelogue. This Amelia, she's just a false alarm. ■

**You wish the
filmmakers had been
bold enough to let
their heroine sound
like a real person
now and again**

MUSIC

Like a Rolling Snowman. A Bob Dylan Christmas album? The veteran pioneer offers a unique take on seasonal kitsch

BY RICHARD CORLISS



LIKE A HOLIDAY GIFT FROM an outlaw uncle or a grenade dropped into a mantelpiece stocking, Bob Dylan's *Christmas in the Heart* arrives to challenge pop-music

purists and Dylan's rep as a perennial pioneer. Some listeners will want to pat the singer on the back—hard, so he can cough up whatever it is that makes him sound like a tubercular hobo who's wandered into a karaoke bar at Yuletide. Others will wonder what statement Dylan, a Jew who for a while declared himself a born-again Christian, is making with a 15-song bag of Christmas chestnuts, sleigh bells and baby Jesuses. Is the album desecration or sellout or, just possibly, heartfelt homage?

Bet on homage. From his early covers of Woody Guthrie ballads to his current stint as a satellite-radio DJ, Dylan has been as much



an innovator as an advocate for American musical tradition. For Dylan and any other kid growing up in the 1940s and '50s, Christmas songs as interpreted by Bing Crosby and his fellow crooners were folk music. These new versions of such pop classics as "Silver

Bells" and "The Christmas Song" may alternate between croaks and moos, but they're reminders that a Christmas LP was a rite of passage into the mainstream for early rockers like Elvis Presley and Phil Spector. Dylan, who is donating all his royalties to Feeding America and other anti-hunger initiatives, just waited till his 50th year as a professional troubadour to pay his obeisance to these finely crafted kitsch touchstones.

As Crosby and Presley did, Dylan ranges from pop songs to traditional hymns. His perky take on "Here Comes Santa Claus" is scrupulously close to the Gene Autry original. "Winter Wonderland" comes with pedal guitar and cooing girl backup group. He does "O Come All Ye Faithful" in its English and Latin readings (including the approved Anglican hard *g's* for "*regem angelorum*"). "Must Be Santa" turns the rollicking polka into a frantic, very klezmer Christmas.

Many will still wonder if Dylan is kidding—and that's as engaging and fruitless a question as whether a Coen brothers movie is a parable or a joke. (Those Jewish kids from Minnesota ...) But for an artist whose motives always keep his fans guessing, Dylan seems on the level here. When he warbles, "Have yourself a merry little Christmas now," he pitches it with a sincerity that could warm Scrooge's heart. ■

DAVID GRIFFIN/RETNA



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A tradition of being non-traditional.



Midwest muscle Craig and Jackman, left, as *Chicago* cops in *A Steady Rain*; Julia Stiles and Bill Pullman, above, in *Oleanna*

THEATER

Second City Takeover. In this fall's crop of serious Broadway dramas, even the foreigners have Chicago accents

BY RICHARD ZOGLIN

EVEN IN HIS HOMETOWN OF CHICAGO, Keith Huff was hardly a playwright superstar. Though the author of about 50 plays, many of them produced at respected Second City theaters like Steppenwolf and Chicago Dramatists, he still needed a day job—editing for a medical website—to help support himself, his wife and their 8-year-old daughter. Yet now he's a Broadway hot ticket. True, he has a couple of big movie stars to thank—Daniel Craig and Hugh Jackman, who were somehow persuaded to star in his play *A Steady Rain*. But they're only helping affirm a hard truth for New York City's sometimes insular theater community: the Chicagoans are taking over.

Unless you're a musical or an import from London, you'd better have a Chicago accent to make it in the Big Apple this season. The second major play to open on Broadway this fall is another Chicago product: *Superior Donuts*, Tracy Letts' follow-up to *August: Osage County*, his multi-award-winning family drama that stormed Broadway nearly two years ago and is now on a national tour. Chicago theater's most celebrated export, David Mamet, will be represented on Broadway with two works this fall: a revival of his 1992 drama *Oleanna*

and a new play, about black-white tensions at a law firm, titled *Race*. Meanwhile, hot Chicago director David Cromer—whose moving, teacup-size revival of *Our Town* is a megahit downtown—will tackle the work of that quintessential New York wiseacre, Neil Simon, directing revivals of his autobiographical plays *Brighton Beach Memoirs* and *Broadway Bound*.

Chicago, of course, has been a major force in American theater for some years. The Steppenwolf Theatre burst on the national scene in the 1980s, introducing plays by Mamet, Sam Shepard and others, popularizing a high-voltage performance style and spawning stars like John Malkovich and Gary Sinise. The city's biggest resident theater, the Goodman, has produced everything from major revivals of Eugene O'Neill and Arthur Miller to last year's Pulitzer Prize winner, *Ruined* by Lynn Nottage, while a growing roster of smaller off-Loop theaters have nurtured experimental works like 2007's critically acclaimed musical version of Elmer Rice's expressionist play *The Adding Machine*.

The play that attracted Craig and Jackman is a deceptively modest piece: a 90-minute two-hander in which the British and Australian actors play (flawlessly) a pair of Chicago cops who recount, in al-

ternating monologues, a harrowing chain of events that tears their lifelong friendship apart. The material is familiar to streetwise fans of Hollywood crime films and TV cop shows—the prostitutes and lowlifes, shocking violence and moral compromises faced by cops who patrol the urban jungle. But Huff's vivid, intricately layered script—a mix of straight narration, interlaced commentary and re-created scenes—lifts it far above the usual clichés, both detaching us from the melodrama and imbuing it with the force of tragedy.

Huff's play outshines the two other Chicago offerings that have opened so far this fall: Letts' *Superior Donuts*, a relatively formulaic comedy-drama about a crusty inner-city doughnut-shop owner and the black kid who comes to work for him, and *Oleanna*, Mamet's scathing account of a bogus sexual-harassment charge that was too polemically freighted back in 1992 and has the added disadvantage of seeming dated today. But collectively, they showcase much of what makes Chicago theater so distinct and vital. The City of Big Shoulders produces big-shouldered theater as well—thematically ambitious, emotionally juiced, socially impassioned. It's a contrast to the hothouse quality of so much current New York theater: wispy memory plays, absurdist satires, Manhattan-centric relationship dramas, many written by gay playwrights on gay themes. Not that there's anything wrong with that. But there's a big country out there, and right now the freshest breezes onstage are blowing in from the Windy City. ■

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Short List

TIME'S PICKS FOR THE WEEK



1 TELEVISION 30 for 30

ESPN celebrates its 30th anniversary with 30 sports docs on subjects big (Muhammad Ali, by Albert Maysles) and small (the Baltimore Colts' marching band, by Barry Levinson). It's a thrilling collection, fueled as much by the skill of its A-list directors as by the athletes they cheer for.

2 BOOK Manhood for Amateurs

Michael Chabon takes the same brutally observant, unflinching honest, marvelously human gaze that won him a Pulitzer Prize for fiction and turns it on his own life as a committed husband and father, Lego enthusiast and unrepentant nerd—in short, as a man.

3 MOVIE Antichrist

Grieving over her son's death, a woman (Charlotte Gainsbourg) sinks into madness and takes her husband (Willem Dafoe) with her. Lars von Trier's psychodrama goes violently berserk too, but it's one wild ride worth taking. Warning to the squeamish: you will squeam.

4 TELEVISION Endgame

The fall of apartheid gave the world hope, but it could have ended in despair. This thriller from PBS's *Masterpiece* tracks the tense talks between ANC leader Thabo Mbeki (Chiwetel Ejiofor) and a white South African delegate (William Hurt) as civil war looms.

5 DVD Not Quite Hollywood

Subtitled *The Wild, Untold Story of Ozploitation!*, Mark Hartley's doc dives deeply into Australia's B-movie muck. The movement birthed one masterpiece (*Mad Max*) and loads of slasher epics, sex farces and biker dramas, all fondly recalled by the perps. Great clips, guilty fun.

Arts Online

For more reviews and openings this weekend, go to time.com/entertainment



Julia Louis-Dreyfus' Short List

Louis-Dreyfus gained iconic status (along with an Emmy) as Elaine Benes, one of *Seinfeld*'s foursome of self-absorbed, single New Yorkers. She's still garnering laughs in her fifth season as a divorced mom in *The New Adventures of Old Christine*, for which she's picked up another Emmy. Off set, Dreyfus puts in time reading, wandering in galleries and watching thrilling documentaries.

Hilarious novelist

Paul Mico, a France-based American who writes very English books, has produced eight of the funniest novels I've ever read. *Confessions of a Map Dealer* is a stew of betrayal, ambition and sex, cooked up in Mico's smart comedy-of-manners style.

Cool portraits

Barkley L. Hendricks' "Birth of the Cool" series of commanding life-size portraits of African Americans is no less potent now than at the height of the Black Power movement, when he began painting it. My favorite, *Lawdy Mama*, a portrait of an incredibly beautiful African-American woman with an impressively picked-out Afro, is painted in the style of a religious panel. Awesome.

Color masters

I'm a huge fan of Raymond Mason, a sculptor and watercolorist admired by his artist colleagues but not well known to the public. I'm also crazy about Matthew Daub, a watercolorist in the Winslow Homer tradition. His work is meaningful, elegant and careful.

Pleasant cheeses

C'est Cheese is a tiny, perfect cheese store in Santa Barbara, Calif. It has the most delectable cheeses and savory items, including a truffle salt that I put on everything.

Documentary in disguise

The Cove is totally surprising. You think you are going to see an enviro-docu film, and suddenly you're seeing a suspenseful thriller. What it shows so clearly is that to save ourselves, we must save our ocean life.





Joel

Stein

The Week of Living Cheaply. In which I refuse to pay retail for anything—and still somehow bleed cash

THE RECESSION HAS HIT US IN THE HOLLYWOOD HILLS very hard. Several times I've seen people walking not only their own dogs but also their own children. Though it has not yet come to that for me, I figured I should at least learn how to cut back my spending. And unfold the stroller.

So I decided that for one week I would buy only stuff that was on sale. My first mistake was getting my lovely wife Cassandra to join me. The speed with which she both agreed and went to her computer should have clued me in to the fact that while I envisioned coupon-clipping and circular-reading, she saw the doors swing open to a World Wide Web of crap. Did you know there's an amber teething necklace that the baby doesn't actually put in his mouth but that works by releasing soothing warmth? And would you believe that it's easy to find on sale?

Figuring we'd need help to keep frugality from bankrupting us, I asked Brad Tuttle, who writes the Cheapskate Blog for TIME.com, for some advice. "It sort of doesn't matter if something is on sale or not on sale," he said. "What I always come back to on the Cheapskate Blog is, Do I need this?" Then Tuttle suggested some sites, such as Eversave.com and Coupon.com, where I could print out coupons for stuff I wanted. He also mentioned a deal I couldn't pass up: that weekend, Ikea was giving out free breakfasts.

So Cassandra and I woke up early on Saturday and ordered the surprisingly delicious small breakfast of eggs, potatoes and bacon or sausage. Of course, an Ikea breakfast normally costs 99¢. And after eating our \$1.98 in savings, we bought \$102.98 worth of Ikea products. I do not remember what a Trojka is, but I am relatively certain we did not need it. I was starting to think Tuttle's cheapskate philosophy is to trick other people into having breakfast at Ikea so he can borrow their Trojkas for free.

When I reported my failure to Lauren Weber, author of *In Cheap We Trust*, she told me my whole plan was faulty. "Stay away from Ikea, stay away from the mall, stay away from Costco," she said. "How often do you walk in and walk out with 50 pounds of M&M's?"

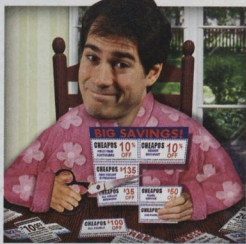
She said some other useful stuff after that, but I was already out the door to go to Costco to buy a 50-pound bag of M&M's.

Since I, unlike Weber, wasn't willing to subsist on lentils and superiority, I called my cousin Josh Burd, who will one day be rewarded with a MacArthur "genius" grant for coupon-clipping, which he will then exchange for three Fulbrights and a night at a Marriott. Years ago, by combining coupons, discounts, rebates and a CVS Extra Bucks card, he actually got paid \$3 to buy a product that accentuates the curls of black women. He still owns that product, with the vague hope of befriending a black woman and inventing a time machine that goes back to 1977.

Josh gave me lots of detailed advice on coupon-positioning and expiration-date-hiding, but as soon as I got to CVS, I was overwhelmed by all the math and rules and price signs that screamed, Wow! Guiding me by phone, Josh let me buy some fish-oil pills that were 2 for 1. But the woman at the register mistakenly rang me up for both bottles of pills, and then I had to wait 10 minutes while a health-care-bill amount of paperwork was

filled out. Ten minutes may not sound bad for \$7, but it takes just two minutes of staring at sick old people under fluorescent lights to lose any desire to extend your life through fish-oil pills.

The next day, I met a friend at a bar to watch a Yankees playoff game. When I went to order a beer, I remembered my week of frugality and told the waitress I couldn't have one because of its fixed price. So she gave it to me at the happy-hour price. This was the kind of sale I could handle. You just mumble, "Can you do a little better?" instead of mailing in receipts and filling your key ring with bar codes. Sale mavens are people who like rules and finding loopholes and outsmarting systems, whereas I'm a guy who likes flirting with a waitress for his half-price beer. "Coupon-clipping," my cousin Josh admitted, "isn't really a sexy habit—though it's very enjoyable to be hit on by 88-year-old women." It's not a bad point. I am going to start coupon-clipping when I am 176 years old. ■



What is the most important information I should know about ADVAIR DISKUS?

- In patients with asthma, long-acting beta₂-agonist (LABA) medicines, such as salmeterol (one of the medicines in ADVAIR DISKUS), may increase the chance of death from asthma problems. In a large asthma study, more patients who used salmeterol died from asthma problems compared with patients who did not use salmeterol. It is not known whether fluticasone propionate, the other medicine in ADVAIR DISKUS, changes your chance of death from asthma problems seen with salmeterol. Talk with your healthcare provider about this risk and the benefits of treating your asthma with ADVAIR DISKUS.
- ADVAIR DISKUS does not relieve sudden symptoms. Always have a fast-acting inhaler (short-acting beta₂-agonist medicine) with you to treat sudden symptoms. If you do not have a fast-acting inhaler, contact your healthcare provider to have one prescribed for you.
- Do not stop using ADVAIR DISKUS unless told to do so by your healthcare provider because your symptoms might get worse.
- ADVAIR DISKUS should be used only if your healthcare provider decides that another asthma-controller medicine alone does not control your asthma or that you need 2 asthma-controller medicines.
- Call your healthcare provider if breathing problems worsen over time while using ADVAIR DISKUS. You may need different treatment.
- Get emergency medical care if:
 - breathing problems worsen quickly, and
 - you use your fast-acting inhaler, but it does not relieve your breathing problems.

What is ADVAIR DISKUS?

- ADVAIR DISKUS contains 2 medicines:
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Asthma

ADVAIR DISKUS is used long term, twice a day, to control symptoms of asthma and to prevent symptoms such as wheezing in adults and children ages 4 and older.

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COPD is a chronic lung disease that includes chronic bronchitis, emphysema, or both. ADVAIR DISKUS 250/50 is used long term, twice a day, to help improve lung function for better breathing in adults with COPD. ADVAIR DISKUS 250/50 has been shown to decrease the number of flare-ups and worsening of COPD symptoms (exacerbations).

Who should not use ADVAIR DISKUS?

Do not use ADVAIR DISKUS:

- to treat sudden, severe symptoms of asthma or COPD
- if you have a severe allergy to milk proteins. Ask your doctor if you are not sure.

What should I tell my healthcare provider before using ADVAIR DISKUS?

Tell your healthcare provider about all of your health conditions, including if you:

- have heart problems
- have seizures
- have diabetes
- have osteoporosis
- have an immune system problem
- are pregnant or planning to become pregnant. It is not known if ADVAIR DISKUS may harm your unborn baby
- are breastfeeding. It is not known if ADVAIR DISKUS passes into your milk and if it can harm your baby
- are allergic to any of the ingredients in ADVAIR DISKUS, any other medicines, or food products
- are exposed to chickenpox or measles

Tell your healthcare provider about all the medicines you take, including prescription and nonprescription medicines, vitamins, and herbal supplements. ADVAIR DISKUS and certain other medicines may interact with each other. This may cause serious side effects. Especially, tell your healthcare provider if you take ritonavir. The anti-HIV medicines Norvir[®] (ritonavir capsules) Soft Gelatin[®], Norvir[®] (ritonavir oral solution), and Kaletra[®] (lopinavir/ritonavir) Tablets contain ritonavir.

Know the medicines you take. Keep a list and show it to your healthcare provider and pharmacist each time you get a new medicine.

How do I use ADVAIR DISKUS?

Do not use ADVAIR DISKUS unless your healthcare provider has taught you and you understand everything. Ask your healthcare provider or pharmacist if you have any questions.

- Children should use ADVAIR DISKUS with an adult's help, as instructed by the child's healthcare provider.
- Use ADVAIR DISKUS exactly as prescribed. Do not use ADVAIR DISKUS more often than prescribed. ADVAIR DISKUS comes in 3 strengths. Your healthcare provider will prescribe the one that is best for your condition.
- The usual dosage of ADVAIR DISKUS is 1 inhalation twice a day (morning and evening). The 2 doses should be about 12 hours apart. Rinse your mouth with water after using ADVAIR DISKUS.
- If you take more ADVAIR DISKUS than your doctor has prescribed, get medical help right away if you have any unusual symptoms, such as worsening shortness of breath, chest pain, increased heart rate, or shakiness.
- If you miss a dose of ADVAIR DISKUS, just skip that dose. Take your next dose at your usual time. Do not take 2 doses at one time.
- Do not use a spacer device with ADVAIR DISKUS.
- Do not breathe into ADVAIR DISKUS.
- While you are using ADVAIR DISKUS twice a day, do not use other medicines that contain a LABA for any reason. Ask your healthcare provider or pharmacist if any of your other medicines are LABA medicines.
- Do not change or stop any of your medicines used to control or treat your breathing problems. Your healthcare provider will adjust your medicines as needed.
- Make sure you always have a fast-acting inhaler with you. Use your fast-acting inhaler if you have breathing problems between doses of ADVAIR DISKUS.

Call your healthcare provider or get medical care right away if:

- your breathing problems worsen with ADVAIR DISKUS
- you need to use your fast-acting inhaler more often than usual
- your fast-acting inhaler does not work as well for you at relieving symptoms
- you need to use 4 or more inhalations of your fast-acting inhaler for 2 or more days in a row
- you use 1 whole canister of your fast-acting inhaler in 8 weeks' time
- your peak flow meter results decrease. Your healthcare provider will tell you the numbers that are right for you.
- you have asthma and your symptoms do not improve after using ADVAIR DISKUS regularly for 1 week

What are the possible side effects with ADVAIR DISKUS?

- See "What is the most important information I should know about ADVAIR DISKUS?"
- Patients with COPD have a higher chance of getting pneumonia. ADVAIR DISKUS may increase the chance of getting pneumonia. Call your healthcare provider if you notice any of the following symptoms:
 - increase in mucus (sputum) production
 - change in mucus color
 - increased breathing problems
 - fever
 - increased cough
 - chills
- serious allergic reactions. Call your healthcare provider or get emergency medical care if you get any of the following symptoms of a serious allergic reaction, including:
 - rash
 - swelling of the face, mouth, and tongue
 - hives
 - breathing problems
- increased blood pressure
- chest pain
- a fast and irregular heartbeat
- headache
- tremor
- nervousness
- weakened immune system and a higher chance of infections
- lower bone mineral density. This may be a problem for people who already have a higher chance of low bone density (osteoporosis).
- eye problems including glaucoma and cataracts. You should have regular eye exams while using ADVAIR DISKUS.
- slowed growth in children. A child's growth should be checked often.

Other common side effects include:

- hoarseness and voice changes
- throat irritation
- thrush in the mouth and throat
- respiratory tract infections

Tell your healthcare provider about any side effect that bothers you or that does not go away.

These are not all the side effects with ADVAIR DISKUS. Ask your healthcare provider or pharmacist for more information.

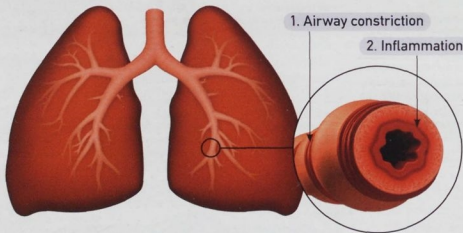
Call your doctor for medical advice about side effects. You may report side effects to the FDA at 1-800-FDA-1088.

Ask your healthcare provider or pharmacist for additional information about ADVAIR DISKUS. You can also contact the company that makes ADVAIR DISKUS (toll free) at 1-888-825-5249 or at www.advaair.com.

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Asthma has 2 main causes.

Treating both with **ADVAIR**[®] helps prevent symptoms.



If your symptoms keep coming back, it could be that your medicine* can't treat both main causes of asthma.

ADVAIR treats both main causes to help prevent symptoms from occurring in the first place.



Get your first full prescription **FREE**.[†] Go to **ADVAIR.com** or call 1-800-513-5138.

*ADVAIR contains 2 medicines; other products may contain just 1.

[†]Subject to eligibility. Restrictions apply.

Important Information About ADVAIR DISKUS. Prescription ADVAIR won't replace fast-acting inhalers for sudden symptoms and should not be taken more than twice a day. ADVAIR is for people who still have symptoms on another asthma controller, or who need two controllers. ADVAIR contains salmeterol. In patients with asthma, medicines like salmeterol may increase the chance of asthma-related death. So ADVAIR is not for people whose asthma is well controlled on another controller medicine.

Talk to your doctor about the risks and benefits of treating your asthma with ADVAIR. Do not use ADVAIR with long-acting beta₂-agonists for any reason. If you are taking ADVAIR, see your doctor if your asthma does not improve or gets worse. Thrush in the mouth and throat may occur. Tell your doctor if you have a heart condition or high blood pressure. Some people may experience increased blood pressure, heart rate, or changes in heart rhythm. ADVAIR is for patients 4 years and older. For patients 4 to 11 years old, ADVAIR 100/50 is for those who have asthma symptoms while on an inhaled corticosteroid.

Please see accompanying important information about ADVAIR DISKUS.

You are encouraged to report negative side effects of prescription drugs to the FDA. Visit www.fda.gov/medwatch, or call 1-800-FDA-1088.



If you don't have prescription coverage and can't afford your medicines, visit papa.org, or call 1-888-4PAPA-NOW (1-888-477-2669)

ADVAIR DISKUS[®] 100/50
(fluticasone propionate 100 mcg and salmeterol 50 mcg inhalation powder)